RONG VIET SECURITIES

SPECIAL REPORT

# PRELIMINARY 2H2023 OUTLOOK

# THE BULL MARKET HAS COME BACK

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# FLEXING WITH THE MARKET FLOW

*Market valuation is re-rated following the Government's solutions to stabilize the macro environment and boost economic recovery*

- Most of our concerns at the beginning of the year were basically addressed in the first half of the year: (1) The governors has issued Decrees and Circulars to amend, supplement and suspend a number of articles of Decree 65, Decree 153, Circular 06 on corporate bonds, (2) Money supply improved, interest rates cooled down after a series of decisions from the governors such as a/ Issuing a circular amending Circular 22 on how to calculate LDR, b/ Four consecutive times of reducing the operating interest rates, and c/ Net pumping in the OMO market and buying foreign currency to supplement foreign exchange reserves.
- In the first half of 2023, we recommended that investors take a defensive strategy by limiting the use of financial leverage in securities trading as much as possible. We believe that this is a reasonable strategy for the time being, given that there are still many unpredictable factors in macroeconomic developments both domestically and globally. In addition to allocating part of the portfolio to short-term transactions, we expect investors to have boldly accumulated favorite stocks for long-term investment goals, as recommended in the 2023 strategy report.
- Along with monetary policy, we expect fiscal policy, including increasing basic wages, reducing taxes and fees, and boosting infrastructure investment, will continue to exert positive effects in the second half of the year. Following deposit rates, we expect lending rates will also decrease in the second half of the year. When the risks decrease, the VNIndex will be traded at a premium multiple valuation. Given our assumption that the market's profit growth in 2023 is **0%**, the risk-free interest rate is in the range of **6.3 - 7.0%**, the reasonable range of VN Index will be in the range of **1,180 – 1,320** points.

*When short-term risks are temporarily eliminated, investors may consider using margin lending at an appropriate leverage ratio maximum performance of their portfolio.*

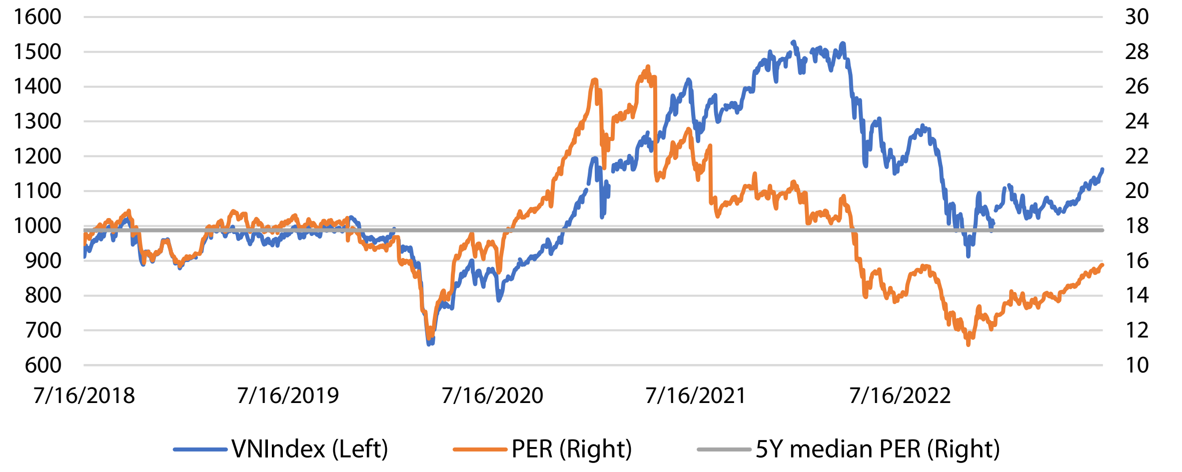
- The profitability of buying stocks for long-term investment (holding time of more than one year) has decreased significantly compared to the beginning of the year. In other words, we think that the good stock picking and timing are two factors that are more crucial for achieving a decent return.
- In the past, in the bull market where investor sentiment is over-excited and almost no defenses, VN Index may trade at a P/E multiple above **16.x** , which is over **1320** points at this time. However, data indicates that the stock market's long-term return will **gradually reduce** to 0% while the index moves to this range. As a result, we believe that investors should consider increase cash and reduce stocks in your portfolio.

# FLEXING WITH THE MARKET FLOW

*The market is facing both downside risk and upside risk, which means it is outside the reasonable 1180-1320, in our opinion. Therefore, the buying-selling strategy needs to be flexible according to cash flow movements to optimize investment efficiency.*

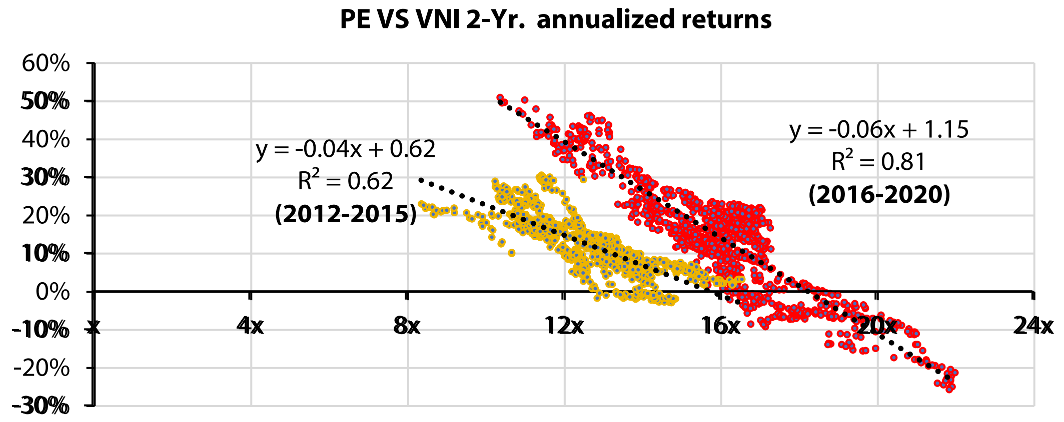
- *Downside risk*. Possible causes for the market to correct sharply include (1) the escalating war between Russia and Ukraine, (2) The global economy, including Vietnam, is actually recovering very slowly compared to expectations. If this trend does not change clearly in the second half of 2023-2024, the growth of market profits may disappoint investors. We believe that this is the risk with the highest probability, and (3) The collapse of the corporate bond market, which is being pushed back temporarily into future years.
- *Risk of price increase*. During periods of expansionary monetary policy, the optimism of investors can bring the market valuation to 18.x - 20.x, which means VNIndex can increase by **13-15%** from 1200 points. In this range, we recommend that investors increase cash holdings.

**In terms of points, market still has room to grow**




*Source: Bloomberg, RongViet Securities*

**At P/Es above 17.x, efficiency for long-term investment diminishes or performance must be enhanced by rising market size.**




*Source: Bloomberg, RongViet Securities*

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# MACROECONOMY 1H2023 REVIEW

## GOING THROUGH THE STORM

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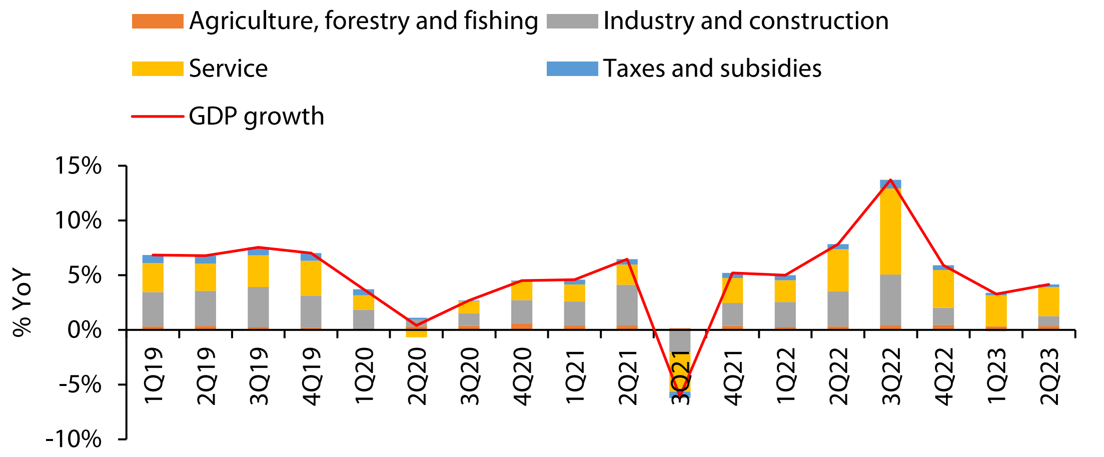
# 7M2023 REVIEW: GROWTH CHALLENGES



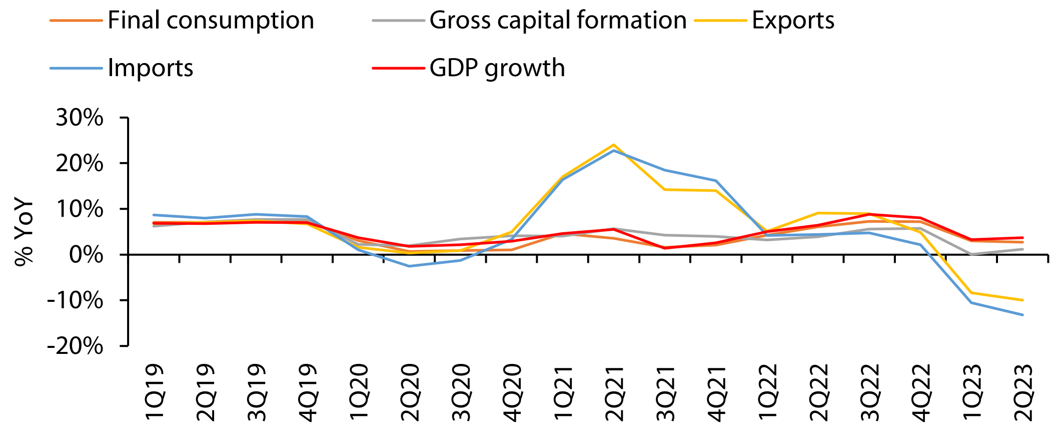
- GDP growth in 1H23 was low at 3.7% (Q1: 3.3% and Q2: 4.1%), due to 1) declining manufacturing and processing activities, manufacturing (up only 1.1% YoY), 2) a sharp decline in exports (-12.0% YoY), and 3) challenges in the capital and real estate markets spread to other service sectors of the economy.
    - In 7M2023, the overall industrial index decreased by 0.7% YoY and exports decreased by 10.6%. PMI is below 50 points for five consecutive months (a longer streak than the Covid-19 period).
    - In 1H2023, the volume of real estate transactions decreased by 65.6% YoY (apartments & individual houses decreased by 57.0%, land plots fell by 68.4%), the supply of completed apartments went down by 23.0%. Transaction prices decreased by 2-11% compared to 1H2022 (apartments by 2-6%, individual houses by 6-10%, land plots by 8-11%).
    - Retail sales of goods in 7M2023 increased by 10.4% YoY (Q1: 13.2% & Q2: 8.7%), and by 9.6% if excluding the price factor. In particular, tourism services' revenue has not yet recovered to pre-Covid-19 levels.
- Inflation is on a downward trend, the average inflation in 7M2023 is 3.12%, the core inflation is higher at 4.65%. The three main factors contributing to headline inflation in 7M2023 are 1) food prices, 2) housing and construction materials prices, and 3) education costs.
- Foreign investment increased slightly: registered capital reached US$16.24 billion, up 4.5% YoY, disbursed capital was estimated at US$11.58 billion, up 0.8% YoY.

**Figure 1: Slow economic growth in 1H23**



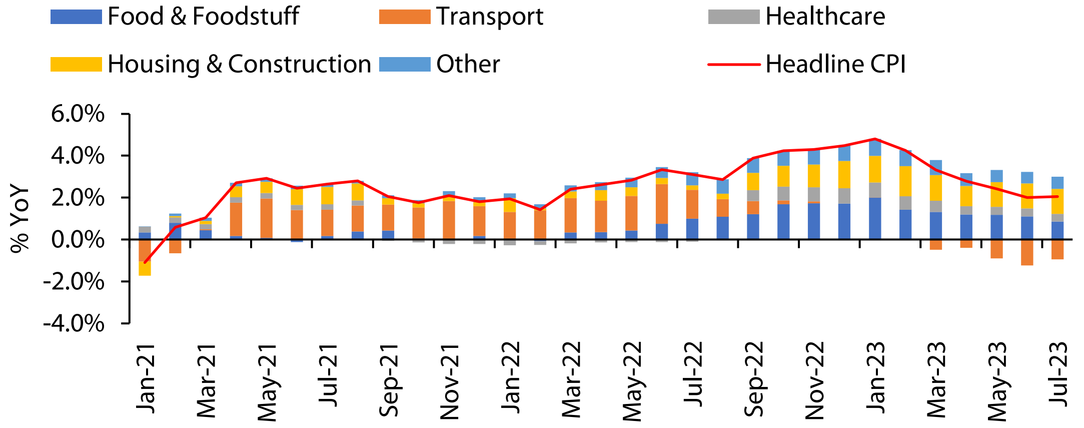

*Source: GSO, RongViet Securities*

**Figure 2: Achilles' heel – Exports decreased sharply**



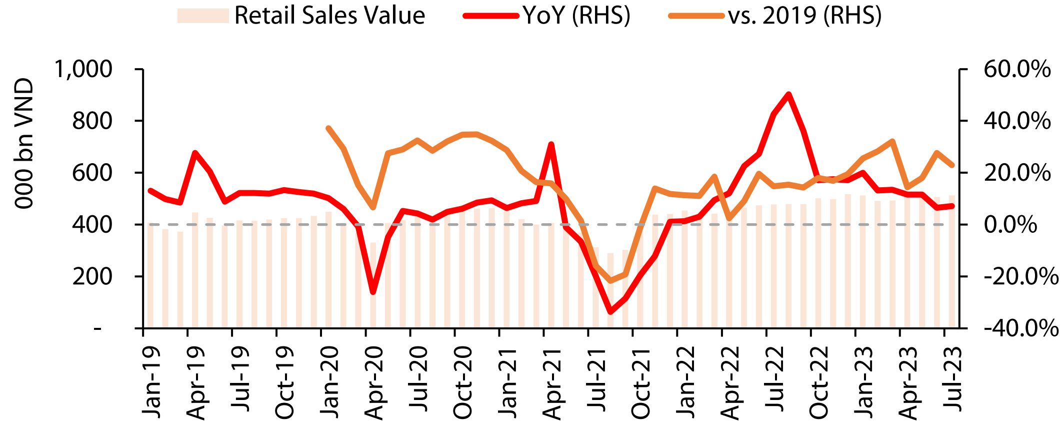

*Source: GSO, RongViet Securities*

**Figure 3: Inflation cooled down gradually**




*Source: GSO, RongViet Securities*

**Figure 4: Service growth was resilient**

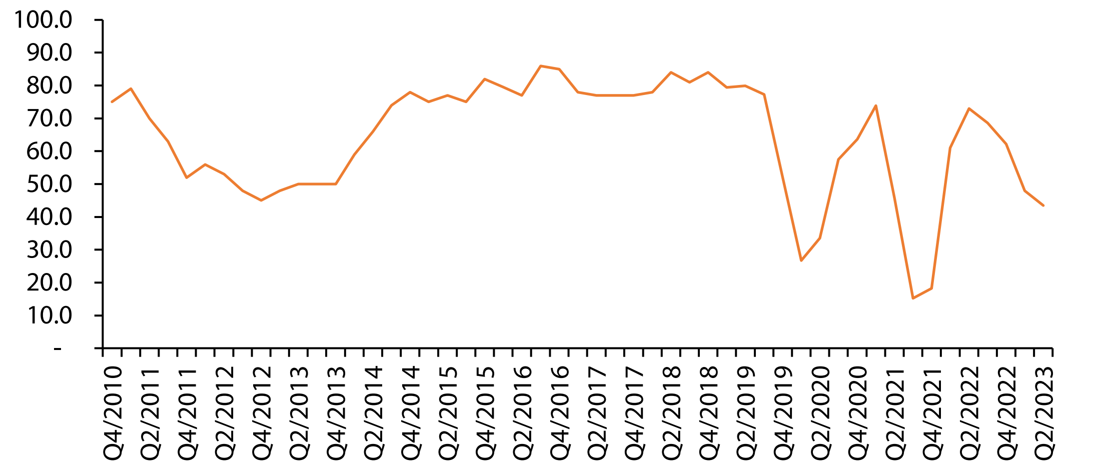



*Source: GSO, RongViet Securities*

# 7M2023 REVIEW: THE DIFFICULTIES OF BUSINESSES

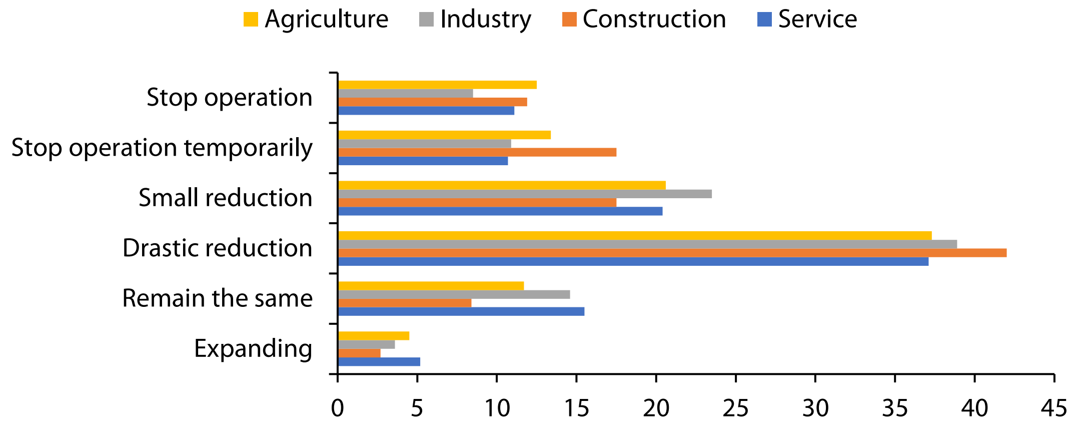
- According to GSO, the number of newly established enterprises in 7M2023 was equivalent to the same period last year, but registered capital and labor decreased by 17.1% and 5.2% respectively. Meanwhile, the number of enterprises facing difficulties (temporary business suspension, dissolution) increased by 19.8% YoY.
- According to the Committee IV survey (May 2023), 82.3% of the surveyed enterprises expected to reduce their size, stop/suspend business or dissolve; 60.1% of the enterprises expected revenue to decrease by 20% or more in the remaining quarters. Among the enterprises that are still in operation, 46.2% expected to reduce their workforce by 20% or more.
- Based on the survey, difficulties of enterprises are: 1) 59.2% difficulties in new orders, 2) 51.1% difficulties in accessing loans, 3) 45.3% difficulties in administrative procedures, 4) 31.1% are concerned about the risk of criminalizing economic transactions.
- By industry, the real estate sector saw the most drop in the number of newly founded firms (-63.9%) while also experiencing the biggest surge in the number of struggling businesses (+43.7%).
- Deposit mobilization of economic organizations in 5M2023 fell by 3.45% YTD, credit growth in 6M2023 reached only 4.7%, indicating that the economy's capacity to absorb capital is weak.
- According to S&P Global, domestic demand gradually stabilized in July 2023, but export demand remained weak. Inventories of finished goods and inputs rose, employment fell for the fifth consecutive month, and output price declines outpaced input costs, particularly in the last two months.
- Business confidence: According to a survey by Decision Lab, the European business confidence index in the Vietnamese market fell by 4.5 points to 43.5 points in Q2/2023 (down 4 straight quarters), according to the survey by S&P Global, business confidence improved in July, but only moderately.

**Figure 5: Business confidence dropped during the past one year**



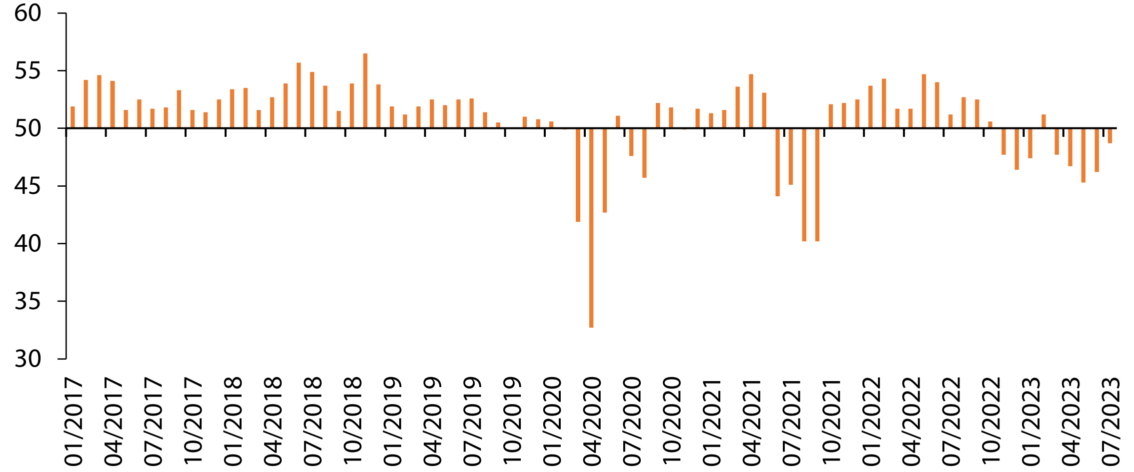

*Source: Eurocham, RongViet Securities*

**Figure 6: Business outlook by sector**



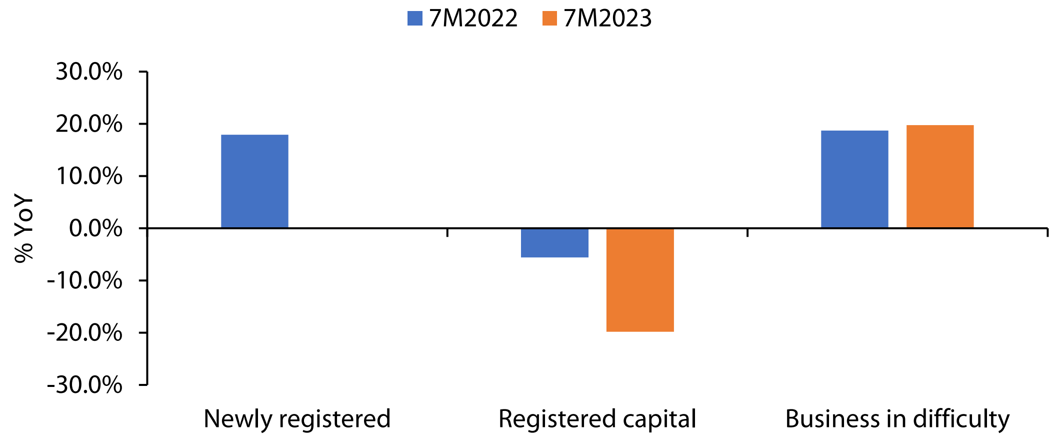

*Source: Commitee IV, RongViet Securities*

**Figure 7: PMI experiences longest decline**




*Source: S&P Global, RongViet Securities*

**Figure 8: Newly establishment vs. Business in difficulty**



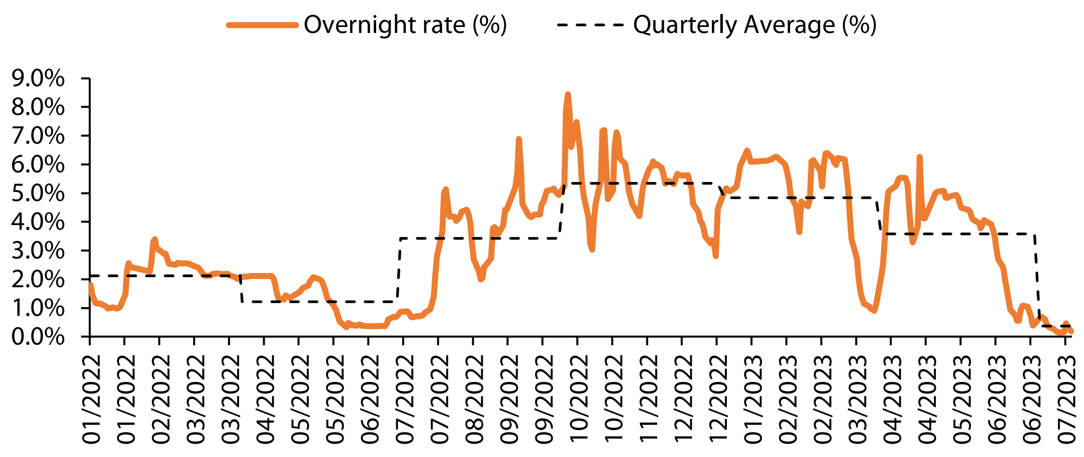

*Source: GSO, RongViet Securities*

# 7M2023 REVIEW: IMPROVEMENT IN THE MONETARY MARKET



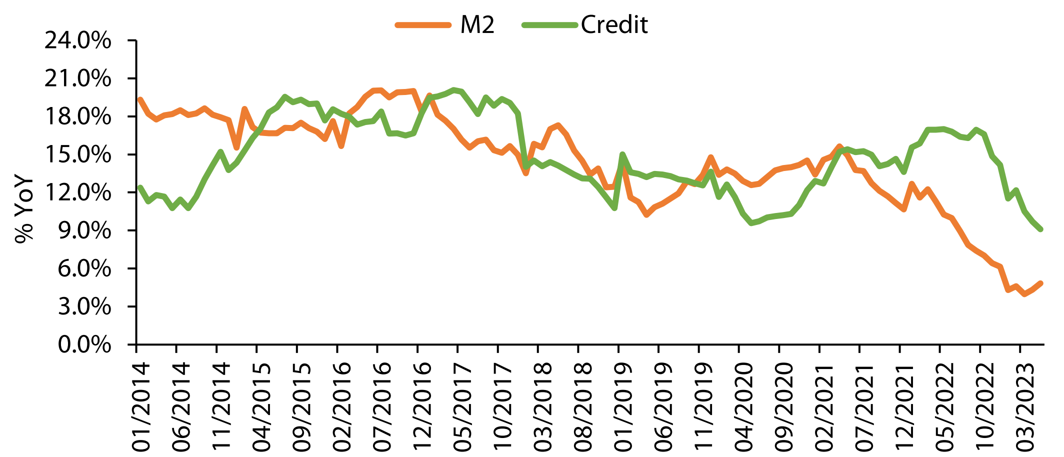
- **The exchange rate fluctuation is under control:**
  - The listed exchange rate at Vietcombank as of Aug 04 is 23,520-23,890 VND/USD, 0.7% higher than it was at the end of 2022. The wide gap between the USD-VND interest rates is the main reason for recent increase in the USDVND exchange rate but is manageable.
  - Imports fell more than exports (-17.1% in 7M2023), pushing the trade balance to a record high (US$15.23 billion).
  - Remittances to Ho Chi Minh City increased sharply in 6M2023, reaching US$4.3 billion, up 37% YoY.
  - Foreign exchange supply and demand is not as tight as in 2H2022, the SBV bought more than US$6.3 billion (~VND148 trillion) in 1H2023.
- **Reducing interest rates, banking system liquidity improved:**
  - The SBV net pumped about VND61.5 trillion through the open market in 7M2023. Interbank interest rates fell deeply, overnight lending rate was only 0.22%/year as of August 01.
  - Compared to the start of the year, the SBV's policy rates fell by 1.5%, deposit rates declined by 1.0–2.0% and lending rates dropped by roughly 1.0%.
  - In 5M2023, money supply and credit growth are 4.8% and 9.1% respectively. Money supply has slightly rebounded since May 2023, credit as of the end of June 2023 increased by 9.3% YoY.

### Figure 9: Overnight rate hit record low



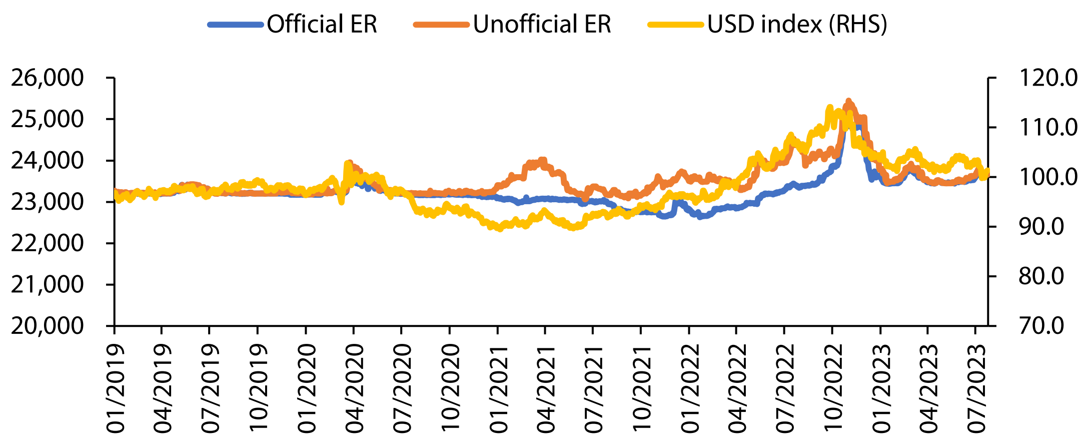

*Source: SBV, RongViet Securities*

### Figure 10: Weak M2 & Credit growth



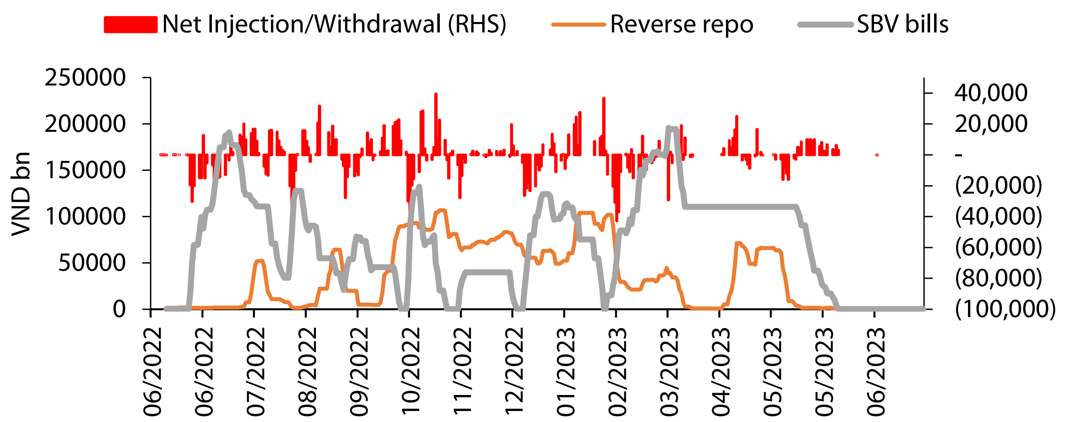

*Source: SBV, RongViet Securities*

### Figure 11: The exchange rate was relatively stable




*Source: Fiinpro, Bloomberg, RongViet Securities*

### Figure 12: The SBV has been inactive in OMO market since Jun 2023




*Source: SBV, RongViet Securities*

# 7M2023 REVIEW: CEASELESS SUPPORTIVE POLICY



- **Monetary Policy:**
  - SBV has cut the policy rates continuously since March 2023, bringing the refinancing and rediscount rates to 4.5%/year and 3.0%/year.
  - In April 2023, SBV issued Circular 02/2023 on extending and maintaining the debt group for enterprises in difficulty until June 30, 2024.
- **Corporate bond market:**
  - Decree 08/2023, issued in early March 2023 to address the corporate bond market's issues.
  - Commercial banks are allowed to repurchase corporate bonds following Circular 03/2023 of April 2023.
  - In July 2023, the corporate bond trading system officially started operating.
- **Real estate market:**
  - Resolution 33/NQ-CP on removing bottlenecks for the real estate market, followed by directing dispatches and amending decrees.
  - Approved the project "The construction of one million social housing units", implementing a favorable credit package of VND120 trillion.
- **Fiscal policy:**
  - Disbursed investment capital in 7M2023 reached 284 trillion VND (~35.2% of the plan, +44% YoY).
  - Taxes, fees, charges, and land rent are exempted, reduced, or extended to a total amount of approximately VND70.3 trillion, in which: exemption and reduction of VND28.3 trillion, extension of VND42 trillion.
  - Approval of a lists of fiscal support measures in 2H2023 (2% VAT reduction, 50% reduction in domestic automobile registration fees).

# GOVERNMENT ACTIONS TO PROMOTE GROWTH



| Date | Target | Document | Regulation |
|---|---|---|---|
| March 05 2023 | Corporate bonds | Decree 08/2023/ND-CP | Allowing bond debt restructuring with the extension of maturity up to two years; an issuer may negotiate with bondholders to make payment by assets other than cash. Postponing the application of certain requirements until 01 Jan 2024 such as the requirement to have a credit rating, new criteria for individual professional investors, the application of the 30 days distribution period. |
| March 11 2023 | Real estate sector | Resolution 33/NQ-CP | Measures to remove barriers and promote the real estate market safe, healthy, and sustainable development. |
| March 14 2023 | The whole economy | Decision 313-314/2023/QD-NHNN | The SBV reduced the rediscount rate and the overnight lending rate by 100 basis points and made up for the shortfall. |
| March 31 2023 | The whole economy | Decision 574-575-576/2023/QD-NHNN | SBV reduced by 50 basis points the refinancing interest rate and ceiling deposit and lending interest rates in priority sectors; keep the rediscount rate and the overnight lending rate unchanged and cover the shortfall in capital. |
| April 01 2023 | Real estate sector | Document No 2308/NHNN-TD | Guiding the lending interest rates, the application period of the preferential interest rates and the beneficiaries (customers) for the credit package of VND120 trillion for social housing development. |
| April 03 2023 | Real estate sector | Decision 388/QD-TTg | Approved a project of developing at least one million affordable homes for low-income earners and workers in industrial zones in the 2021-30 period. |
| April 20 2023 | Real estate sector | Dispatch No 1551/BXD-QLN | Guiding the determination of the list of projects, subjects, conditions and criteria for preferential loans for developing social and worker housing and renovating and rebuilding old apartments. |
| April 23 2023 | Corporate bonds | Circular 03/2023/TT-NHNN | Allowing banks to buy back corporate bonds without waiting one year after selling. |
| April 23 2023 | Banks' customers | Circular 02/2023/TT-NHNN | Structuring repayment terms and keeping the debt group unchanged for customers with difficulties. |
| May 23 2023 | The whole economy | Decision 950-951/2023/QD-NHNN | SBV reduced by 50 basis points the refinancing interest rate and ceiling deposit rate, priority sector lending rate, overnight lending rate; keep the discount rate unchanged.. |
| Jun 24 2023 | Group of goods/services eligible for VAT reduction | Decree 44/2023/NĐ-CP | 2% VAT Reduction |
| Jun 24 2023 | HCMC | Resolution 98/2023/QH15 | Piloting specific mechanisms and policies for the development of HCMC based on 3 principles: 1) Mobilization of resources, 2) Decentralization, 3) Streamlined processes and procedures. |

*Source: RongViet Securities*

# MACROECONOMY 2H2023 OUTLOOK

## WAITING FOR A SUNNY DAY

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**Figure 13: Key macroeconomic indicators**

| | 2020 | 2021 | 2022 | 2023f | 2024f |
|---|---|---|---|---|---|
| GDP growth (%) | 2.9 | 2.6 | 8.0 | 4.7 | 6.5 |
| Average headline CPI (%) | 3.2 | 1.8 | 3.2 | 3.0 | 4.0 |
| Export growth (%) | 7.0 | 19.0 | 10.5 | -9.0 | 8.0 |
| Import growth (%) | 3.8 | 26.5 | 7.8 | -13.0 | 11.0 |
| Trade balance (UD$ bn) | 19.9 | 4.4 | 11.5 | 25.6 | 18.3 |
| USDVND exchange rate (end-year) | 23,098 | 22,826 | 23,730 | 24,200 | 24,500 |
| Credit growth (%) | 12.2 | 13.6 | 14.2 | 12.0 | 14.0 |
| Discount rate (%) | 2.5 | 2.5 | 4.5 | 2.5 | 2.5 |
| Refinancing rate (%) | 4.0 | 4.0 | 6.0 | 4.0 | 4.0 |

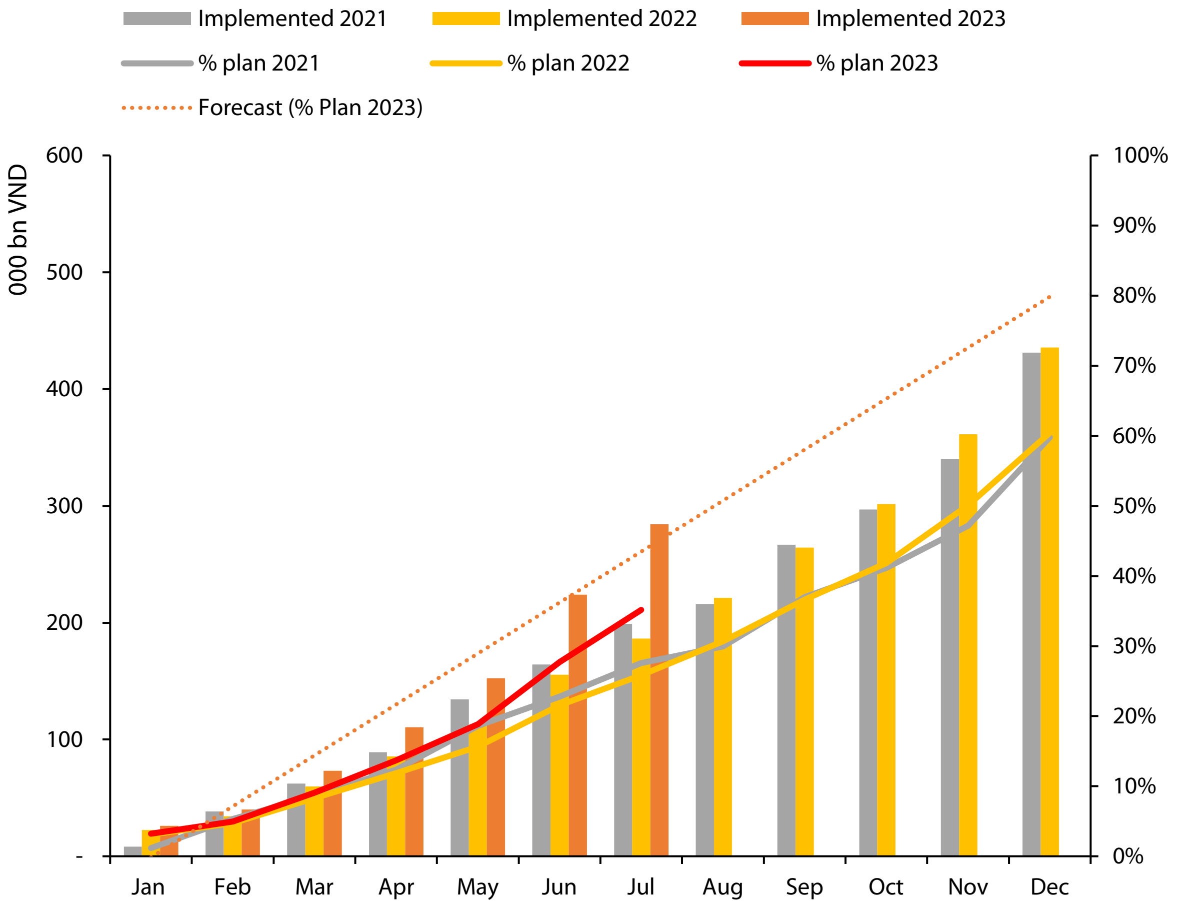
*Source: RongViet Securities*

- In 2H2023, we expect: 1) Weak external demand will continue to affect the economic recovery, 2) The troubles of the real estate market will remain and 3) The Government's growth support policy will help improve business and consumer confidence.
- In Q3/2023, investors will continue to look for more positive signs of recovery from economic activities, however, we do not think there will be a significant improvement in production and consumption due to high base level of the same period last year. Q4/2023 is expected to be the best this year.
- In the base scenario, Rong Viet forecasts economic growth in 2H2023 to reach 5.6%, higher than the growth rate in 1H23. GDP growth for full-year of 2023 is estimated at 4.7%.
- The economy could accelerate in 2024 thanks to the Government's supportive policies affecting the economy, the real estate market gradually recovering thanks to falling interest rates, improving global economic growth helping manufacturing activities and exports rebound. Economic growth in 2024 is estimated at 6.5%.
- In the context of weak consumption motivation and low growth of money supply, inflation in 2023 is estimated at 3.0%, in 2024 will increase to 4.0% when consumer demand recovers.

# 2H23 ECONOMIC DRIVERS: PUBLIC INVESTMENT & SUPPORTIVE POLICIES

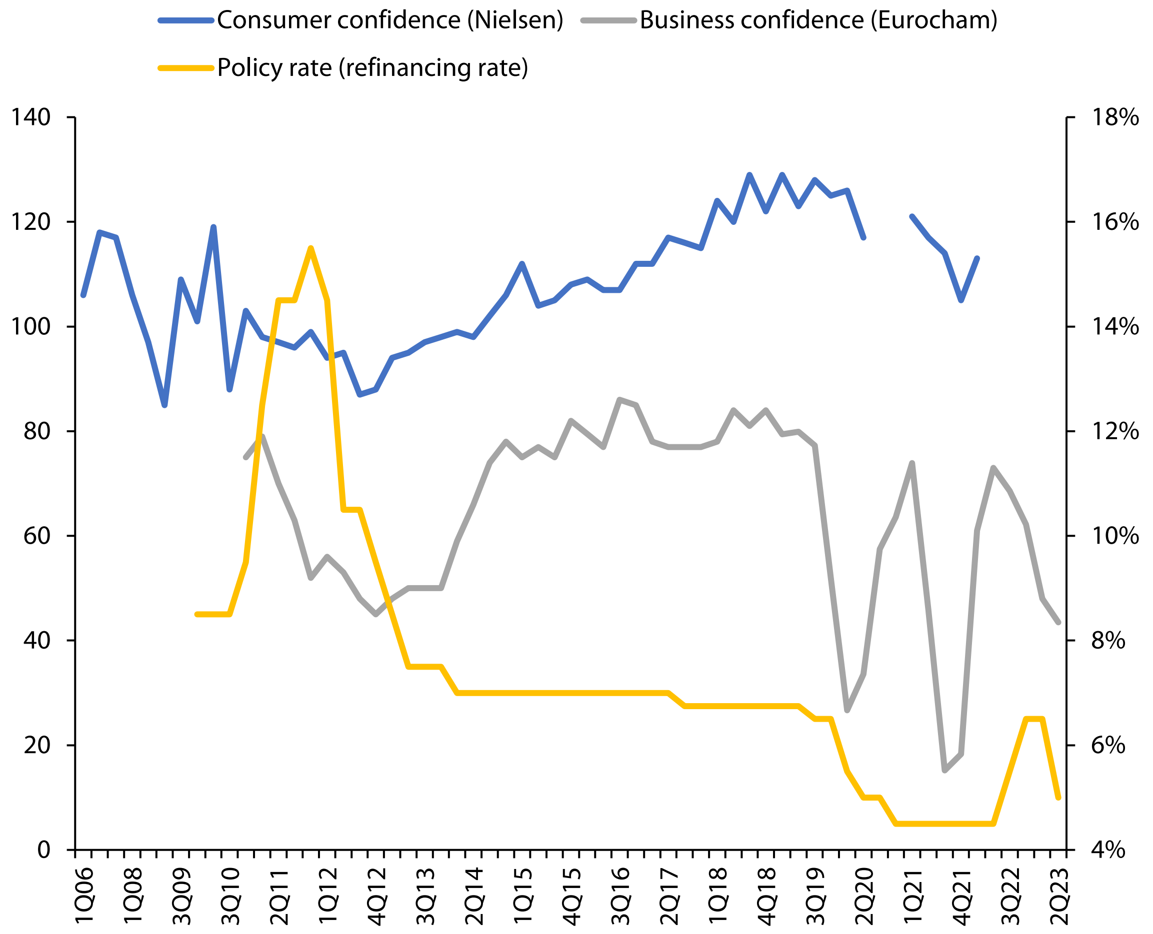


**Figure 14: The breakthrough in public investment disbursement in 2Q23 will be a premise for public investment to accelerate in 2H23**



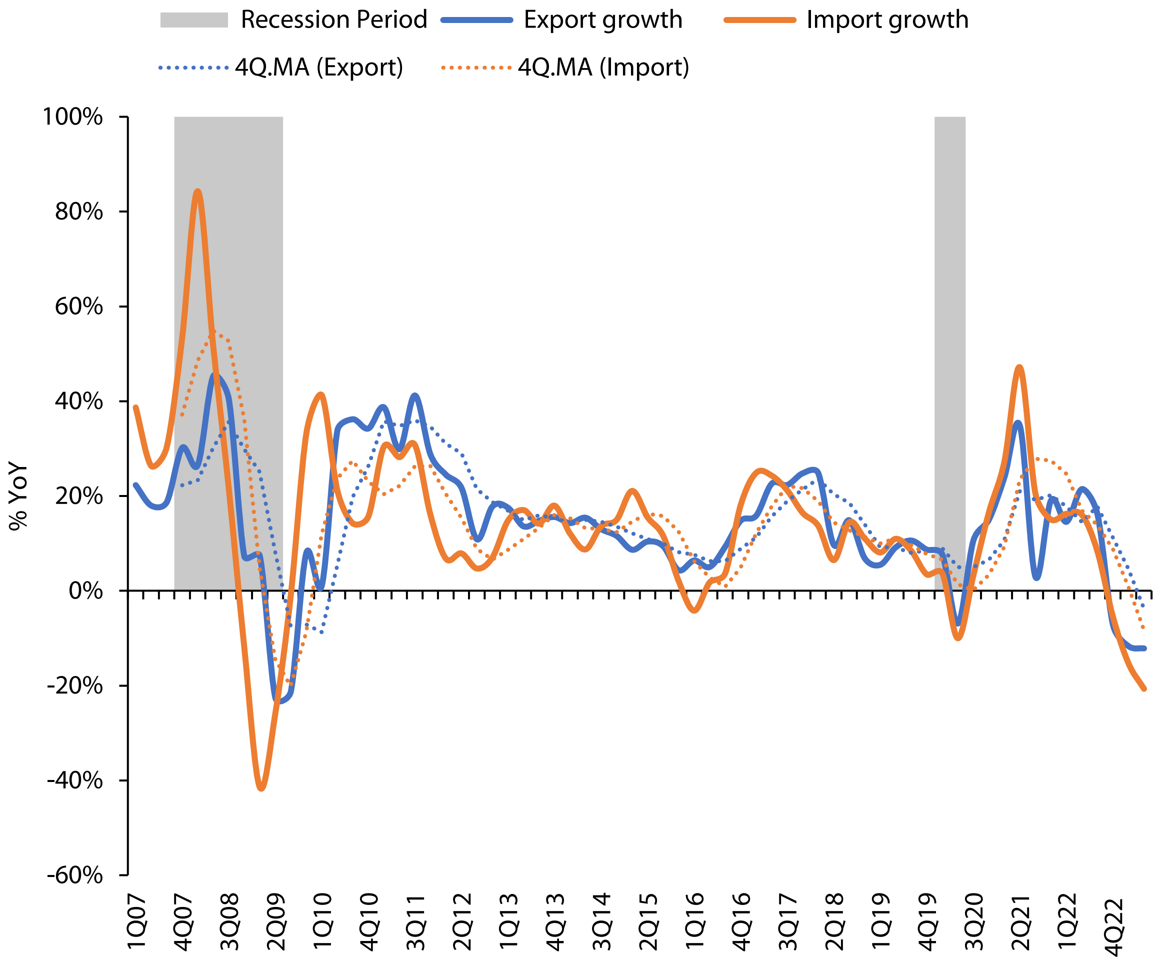

*Source: MoF, RongViet Securities*

**Figure 15: The recovery of business and consumer confidence appear as the SBV ends its rate cut cycle**



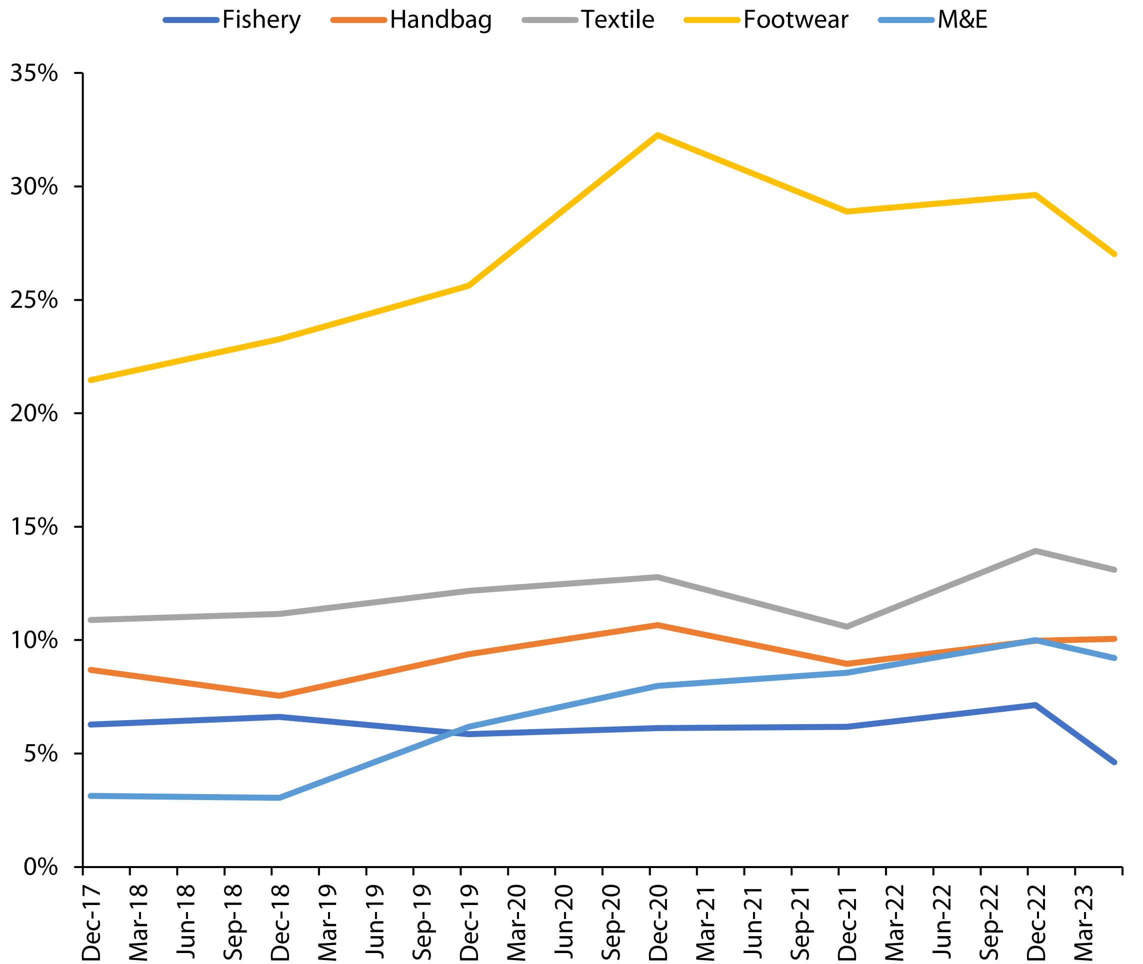

*Source: SBV, Nielsen, Eurocham, RongViet Securities*

**Figure 16: QoQ recovery in exports but signals are not clear**




*Source: Customs, RongViet Securities*

**Figure 17: Vietnamese products' proportion in US imports decreased sharply in seafood & footwear**

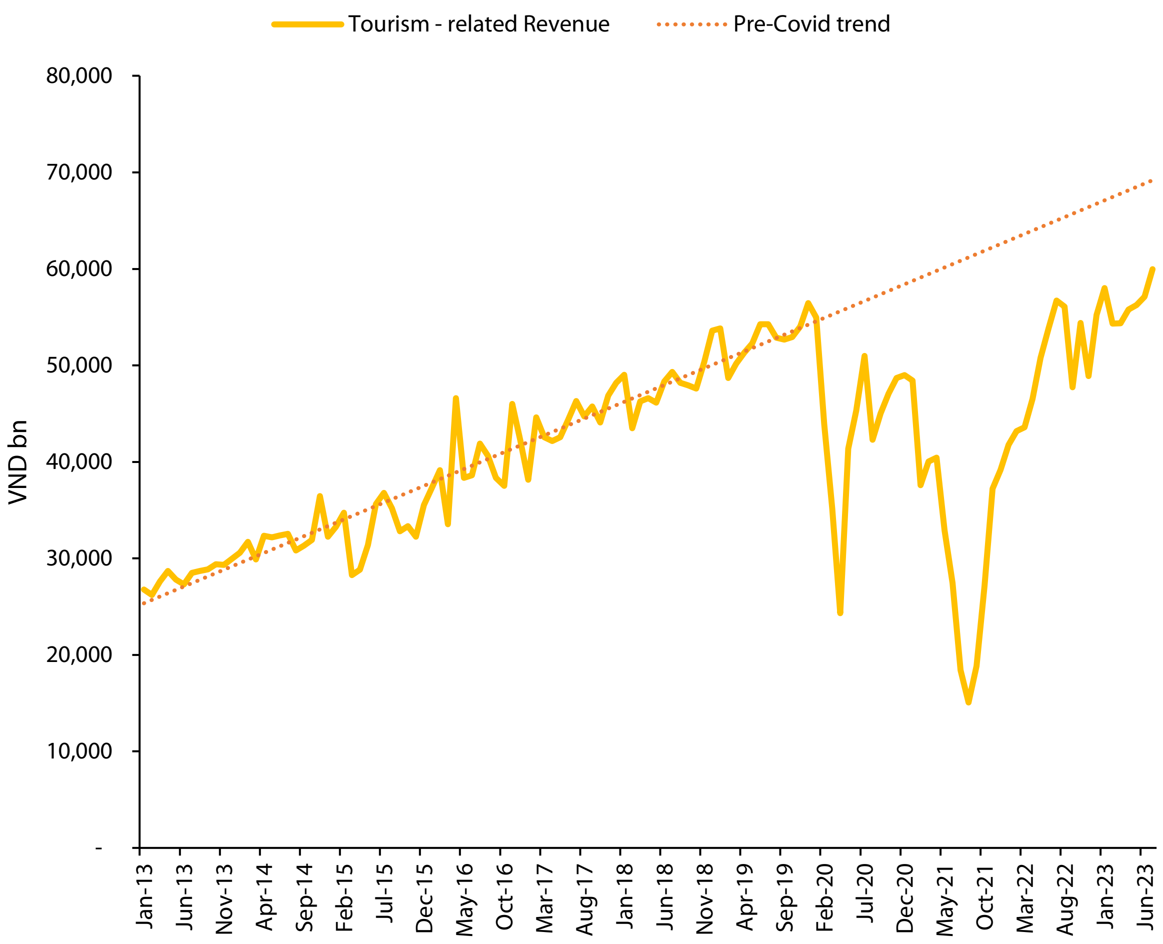



*Source: USITC, RongViet Securities*

# TOURISM TAKES A LONG TIME TO RECOVER AFTER COVID-19

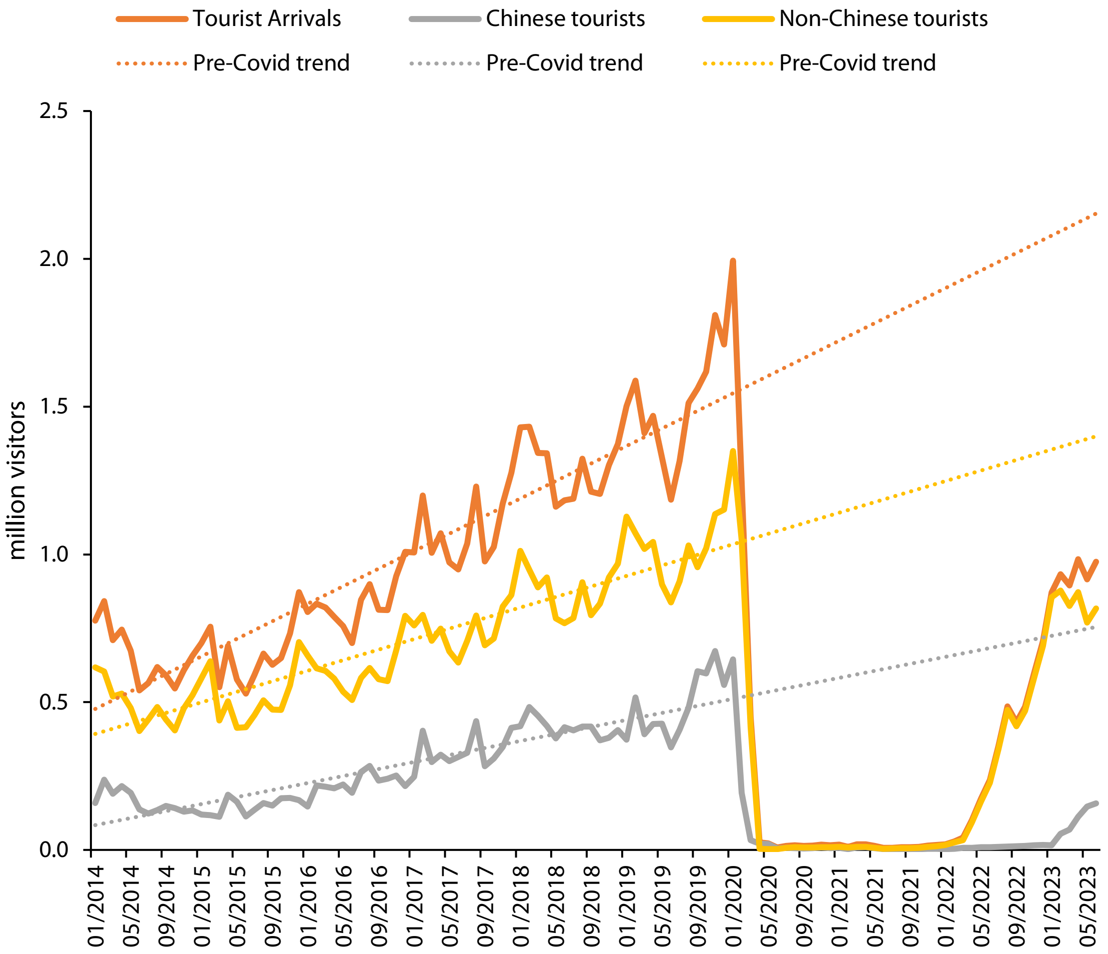


**Figure 18: Retail sales of tourism-related services have not recovered to pre-Covid-19 levels**




*Source: GSO, RongViet Securities*

**Figure 19: 1.5 years after the pandemic, the number off international visitors have not reached 50% of its potential**




*Source: GSO, RongViet Securities*

# REAL ESTATE: CHALLENGES REMAIN



## Legal framework: Looking forward to new laws, but the core is the right and effective implementation

17/11/2022

Decision 1435/QĐ-TTg on the establishment of working group to remove difficulties in real estate development.

→

11/03/2023

Resolution 33/NQ-CP on removing difficulties for the property market.

→

03/04/2023

Decree 10//ND-CP on amending and supplementing a number of Land Law enforcement guidelines.

Decision 338/QD-TTg on building at least 1m social houses.

→

10/2023 (expected)

Land Law

Housing Law

Real Estate Business Law

## Capital: Pressures are relieved in the short term for corporate bonds, funding costs are difficult to reduce due to high risks

05/03/2023

Decree 08/NĐ-CP on corporate bonds

→

01/04/2023: Dispatch 2308/NHNN-TD on a credit package of VND120,000 bn.

SBV reduced its policy rates 4 times in a row during Mar-Jun 2023.

→

23/04/2023: Circular 02/TT-NHNN on extending debt and keeping the same debt group for customers

Circular 03/TT-NHNN on allowing banks to buy back corporate bonds

→

Real estate business' credit growth was 14%YTD in 5M23.

Real estate sector contributed the most to bond issuance value in 1H23: VND23,317 bn (~54.5%).

## Demand: Vietnam's urbanization rate is still low, the demand for housing and investment is high, social housing projects are being promoted

According to batdongsan.com, demand for real estate dropped by 33% YoY in 5M23.

Credit growth of real estate purchasing decreased by 1.32% YTD in 5M23.

→

61% of survey respondents plan to buy real estate in the next year (of which, 59% is for investment purpose, 40% land plot, 28% apartment, 21% private house) (batdongsan.com)

→

According to MoC, 100 social housing projects at 36 localities were licenced for construction.

Total value: VND70,000 bn, 85,652 apartments.

→

Falling interest rates will stimulate demand in 2H23 and 2024.

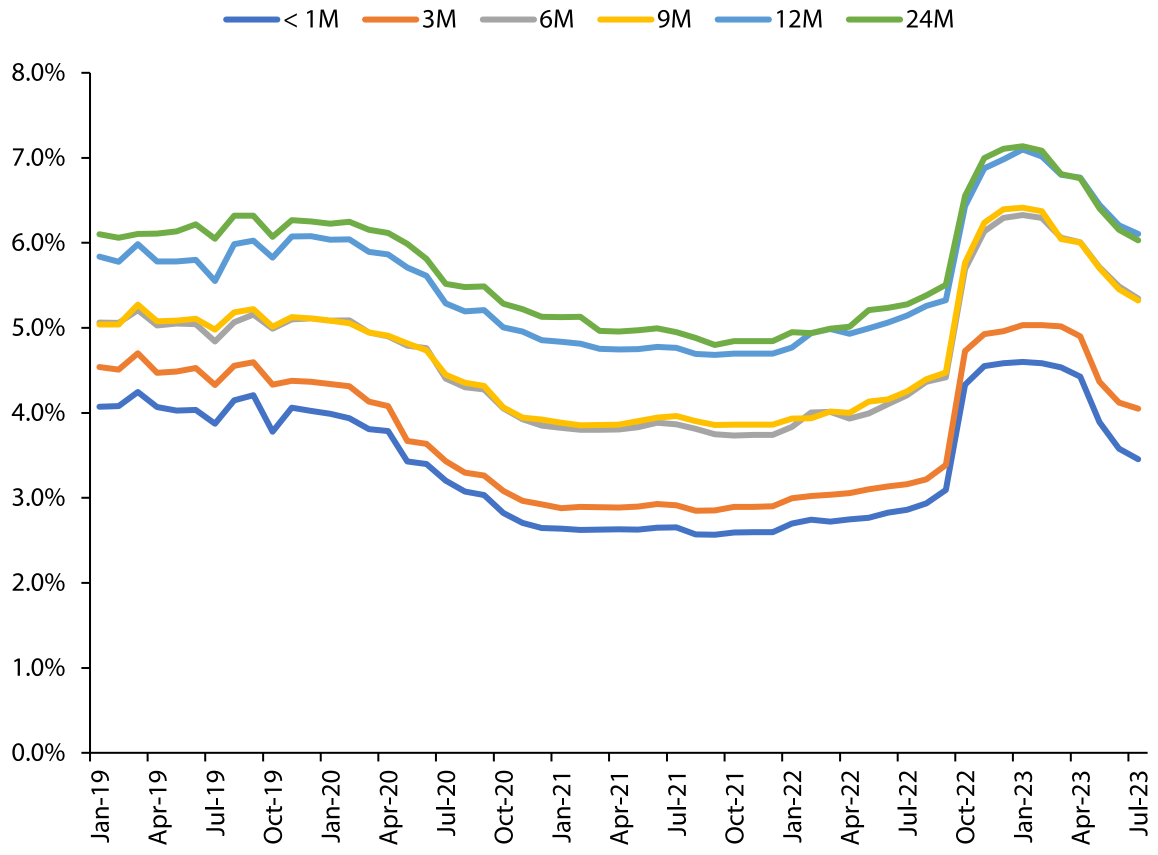
# FOCUS ON THE EFFICIENCY OF MONETARY POLICY



- The room for monetary policy action has gradually dried up in terms of cutting policy rates. SBV may have another 50 basis points cut in interest rates in Q3/2023. Accordingly, policy rates will return to the low level of the Covid-19 period.
- We are not too optimistic about the disbursement of interest rate support packages and preferential credit packages of VND120,000 billion. As of June 30, 2023, the 2% interest rate support package has only disbursed 168 billion VND (~0.7% of the year plan), while the VND120,000 billion credit package faces structural problems in the social housing supply and demand while interest rates are not attractive enough for buyers.
- Currently, the SBV has offered credit quota for the whole year so that commercial banks can be proactive in business plans and promote credit demand in the second half of 2023. However, necessary and sufficient conditions for credit to increase faster, such as: 1) business and consumer confidence recovering, and 2) lending interest rates continuing to decrease in the second half of 2023. The government aims to reduce lending rates by 1.5-2.0% in 2023.
- The quality of credit growth is still a big question mark. In 1H23, credit growth of the whole economy was 4.7% YTD but real estate business credit growth increased by 14.0%. The SBV continues to balance between the banking system's safety (Circular 06 took effect in September 2023, the ratio of short-term capital for medium and long-term loans decreased to 30% in October 2023) and credit easing policy to support economic growth recovery.
- The risk of bad debt is still hidden because commercial banks are allowed to restructure debt repayment terms and keep the same debt group for businesses in difficulty, the pressure of corporate bond maturity continues to gradually shift to the future.

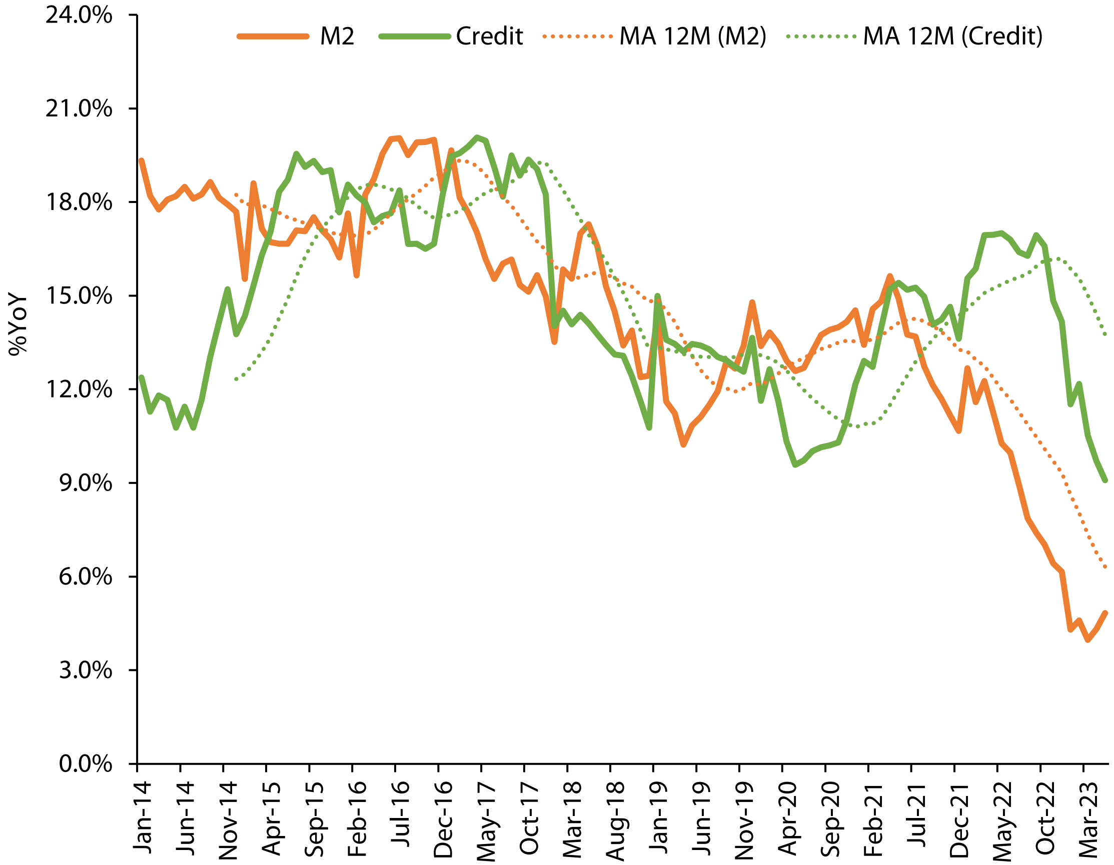
# IMPACTS OF EASING MONETARY POLICY ON INTEREST RATES, M2, CREDIT GROWTH

**Figure 20: Deposit rates fell sharply (1.3-1.5%) from the peak but are still higher than Covid-19 period (0.3-0.9%)**



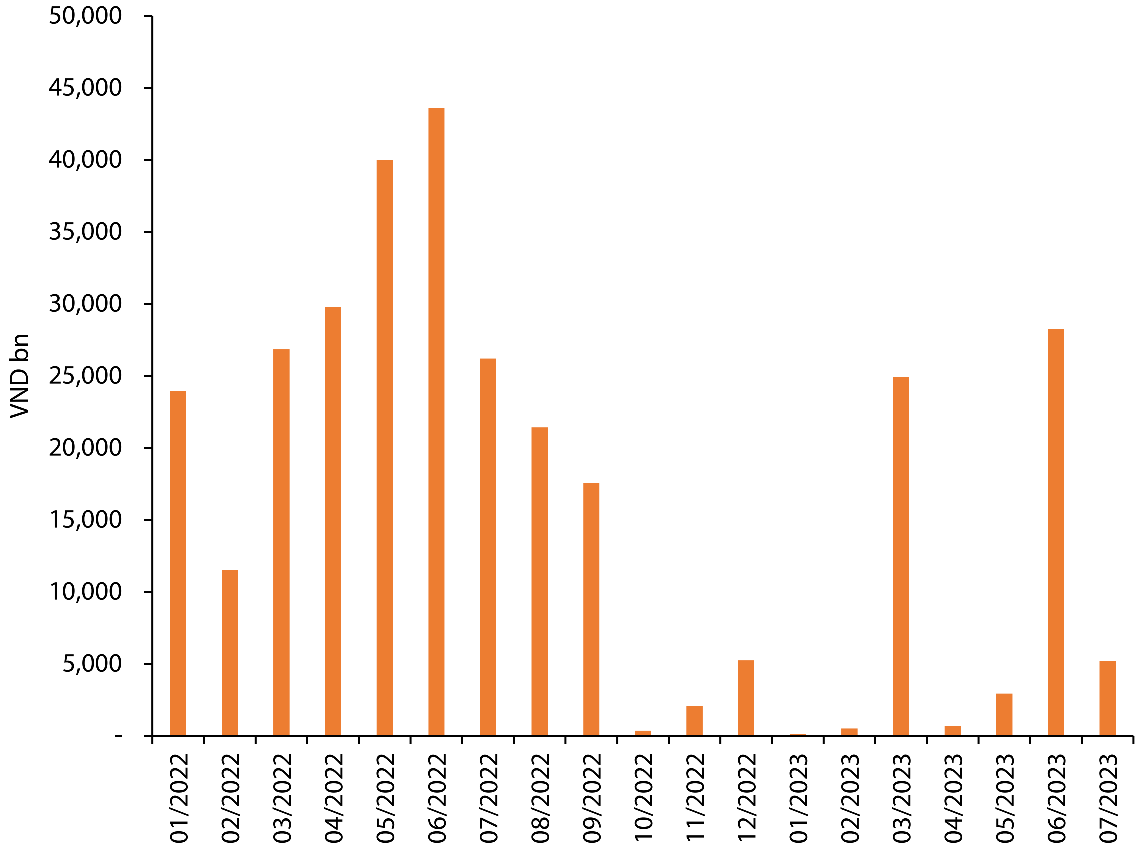

*Source: RongViet Securities (4 SOBs, 4 Private banks 4 foreign banks)*

**Figure 21: Credit growth could recover in 2H23, M2 growth is expected to be below 10%**



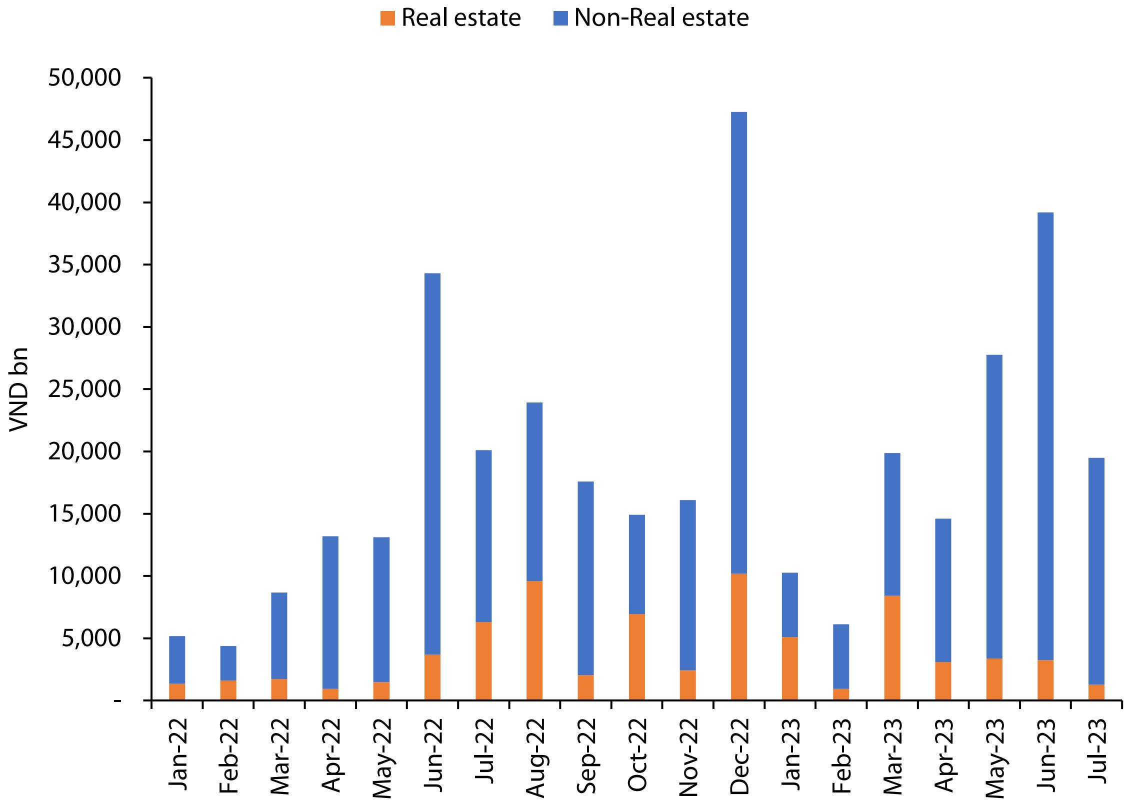

*Source: SBV, RongViet Securities*

**Figure 22: Corporate bond issuance has gradually recovered, (interest rate: 8-14%/year, real estate contributed the most: 54.5%)**



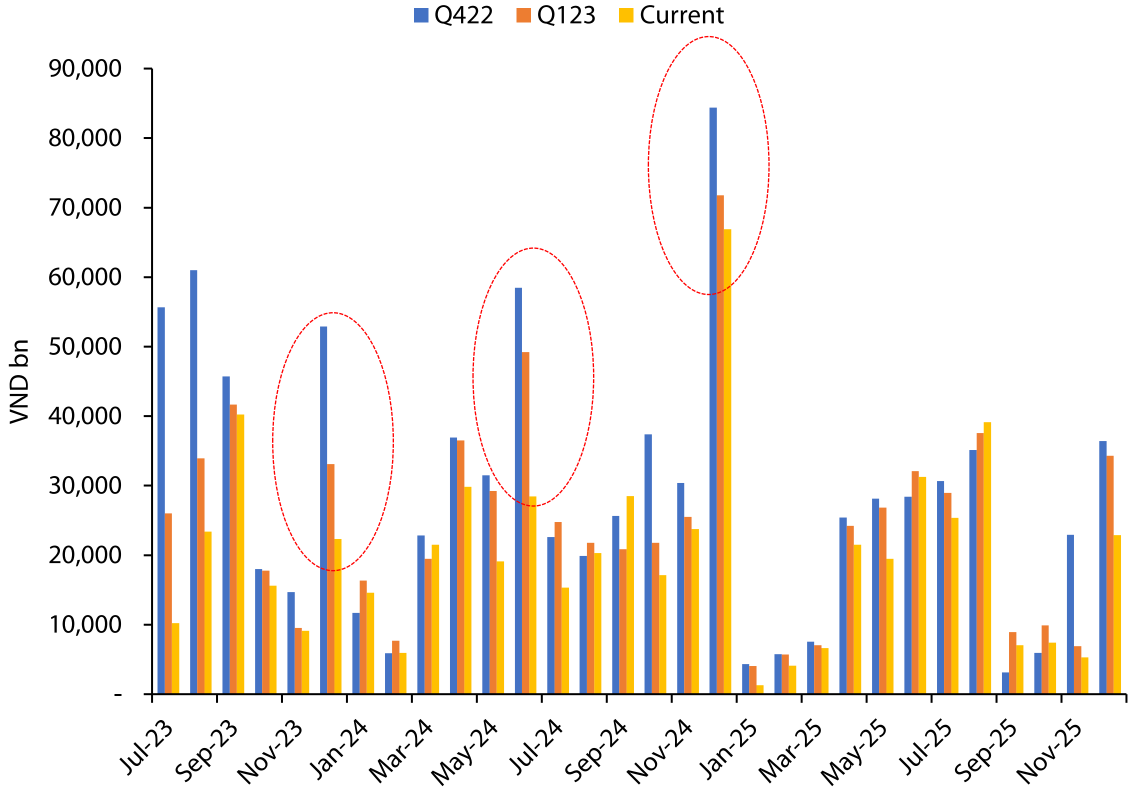

*Source: HNX, RongViet Securities*

**Figure 23: Repurchase is the most popular way to restructure the corporate bond market**



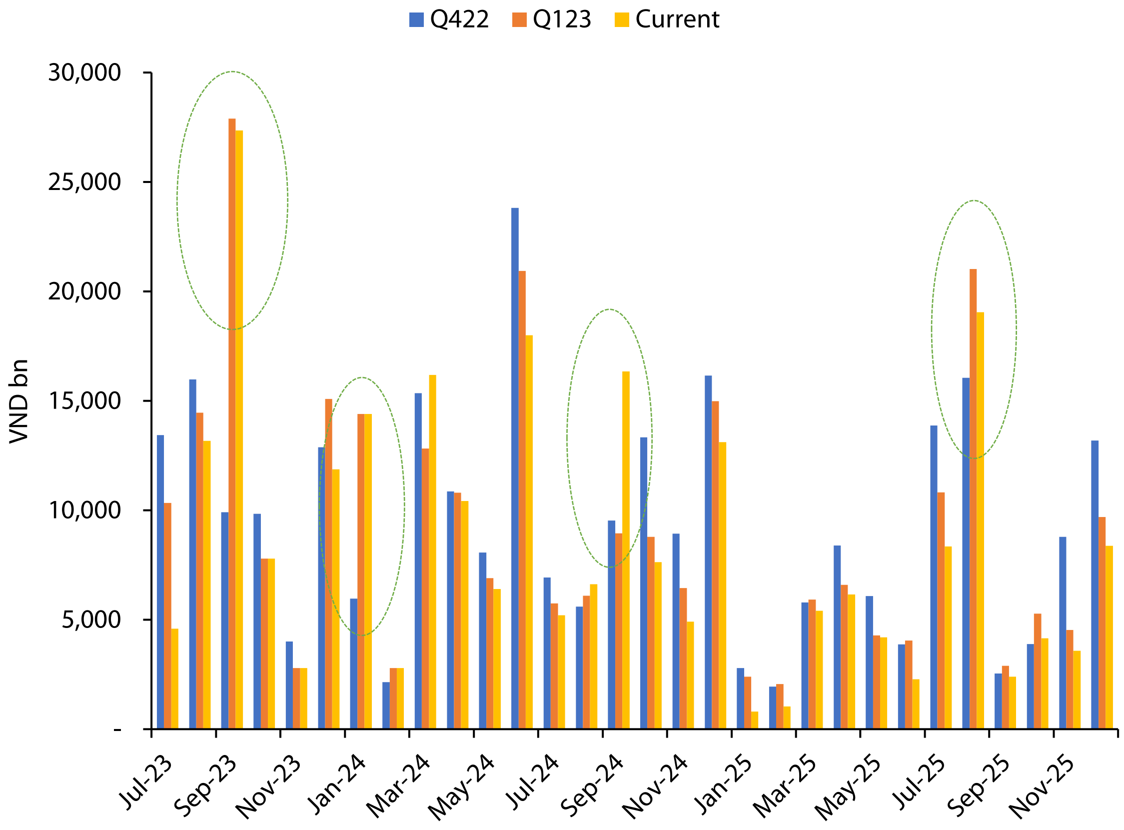

*Source: HNX, RongViet Securities*

**Figure 24 - 25: The pressure of maturing corporate bonds has eased significantly, but the maturity pressure of the real estate sector is extremely high**




*Source: HNX, RongViet Securities*

**The value of corporate bonds negotiated and extended for payment is about VND42 trillion in 6M2023**




*Source: HNX, RongViet Securities*

# FISCAL POLICY SUPPORTS ECONOMIC GROWTH



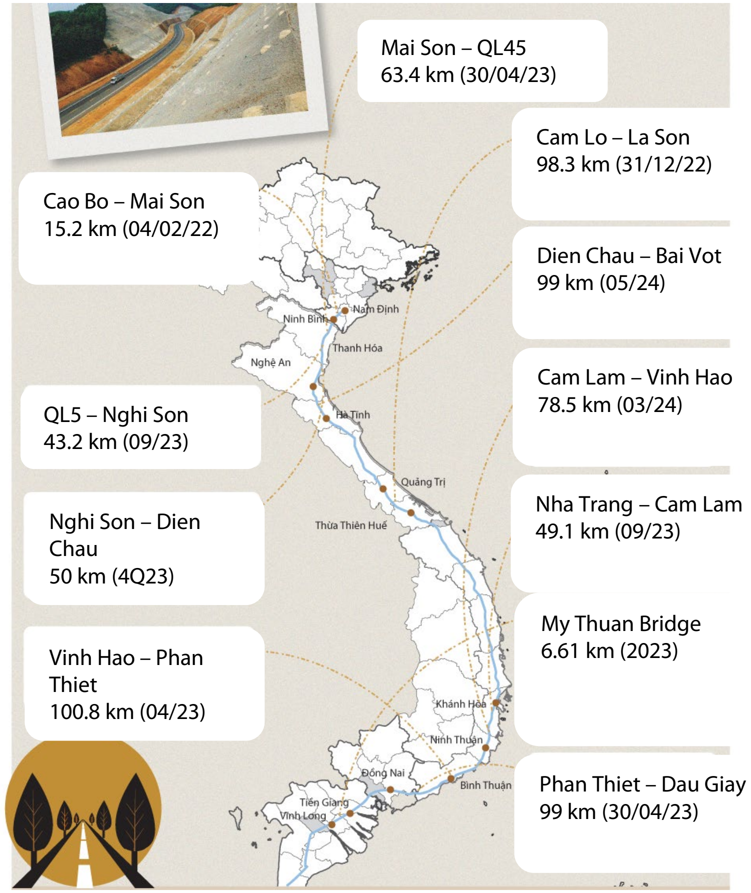
- In 2H23, a number of fiscal policies that will promote growth include: 1) 2% VAT reduction policy (~VND24 trillion); 2) 20.8% increase in minimum wage from July 1, 2023 (~VND54 trillion); 3) Discount 10-50% for 36 fees and charges for people and businesses (~VND700 billion); 4) The policy of extending VAT, CIT and land rent will continue until the end of 2023.

- State budget revenue completed ½ of the yearly plan but decreased by 7.8% YoY, while state budget expenditure only reached 38.8% of the yearly plan but increased by 12.9% YoY in 1H23. The decrease in revenue and increase in expenditure can be considered as pressure on the State budget if the Government wants to introduce a further stimulus package in the last quarter of 2023. We bet on the ability to rotate the purpose of the 2% interest rate support package in the 6th session of the National Assembly.

- In 1H23, public investment has improved more than we expected. Specifically, disbursement of investment capital was estimated at VND215.6 trillion, up 38.6% YoY. With the current disbursement rate and seasonality of public investment disbursement, we estimate that the disbursement scale of public investment capital at the end of 2023 will reach more than VND600 trillion, up 38.2% YoY.

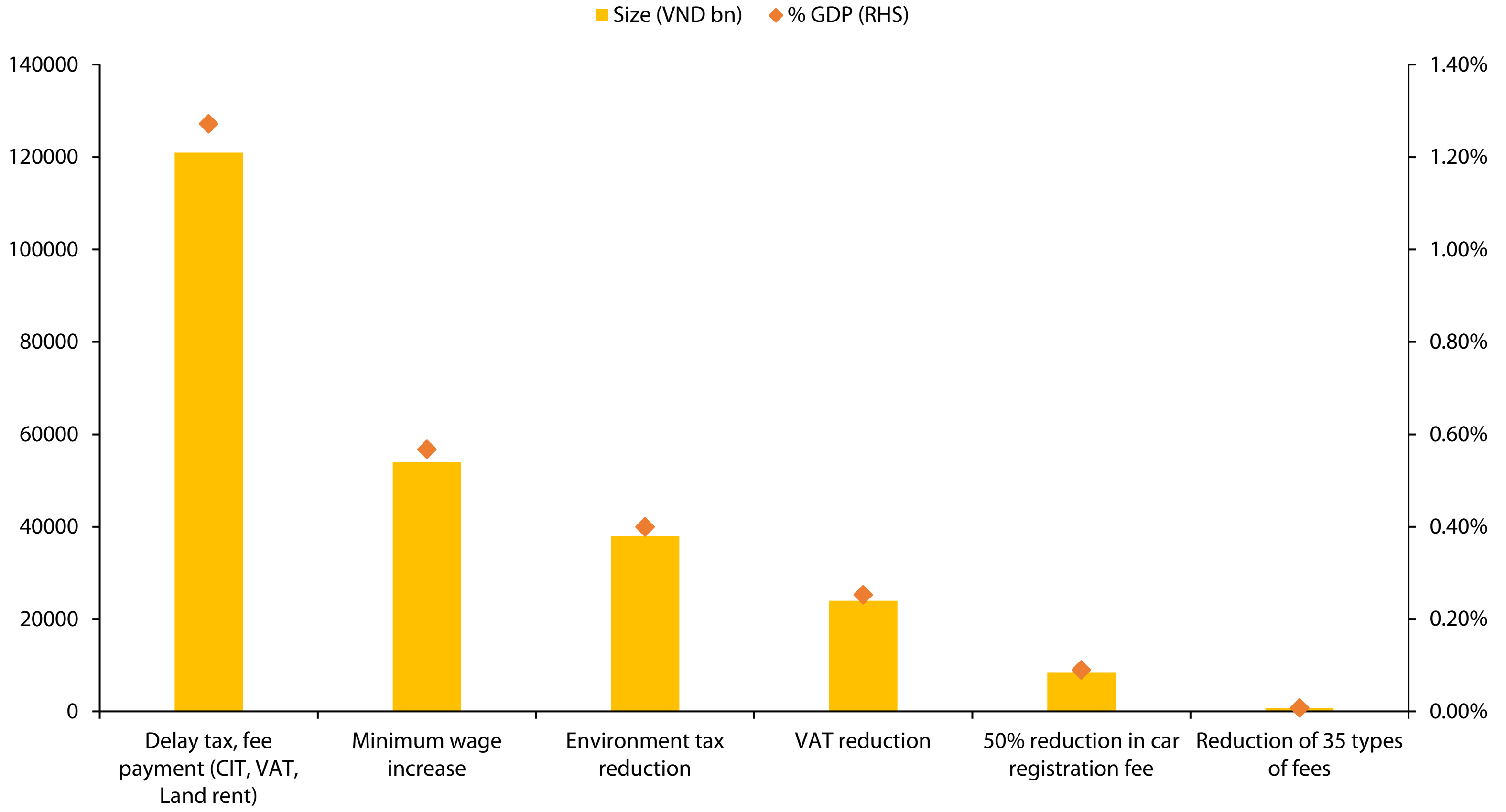
- In 1H23, although disbursement of public investment increased sharply, gross capital formation in the GDP component only increased by 1.1% YoY. We believe that this increase has not yet fully reflected the impact of promoting public investment on economic growth, the spillover to growth will be more evident in 2H23. The North-South Expressway Project (Phase 1) is expected to be almost complete this year (except for the two sections Dien Chau - Bai Vot and Cam Lam - Vinh Hao). The spillover effects of the inter-regional traffic connection is expected to be a bright spot for the economy in 2H23 and 2024.

## Figure 26: The completion of North-South Expressway (Phase1) in late 2023 – early 2024




*Source: Vietnam+, RongViet Securities*

## Figure 27: Fiscal stimulus packages have been implemented in 2023 with a total scale of ~2.6% GDP




*Source: MoF, RongViet Securities*

**Figure 28: Road infrastructure projects have been implemented**

| Project | Distance (km) | Total investment (VND bn) | Start | Completion (expected) |
|---|---|---|---|---|
| Bac Nam Highway Phase 2 (2021-2025) | 721 | 146,986 | 01/01/2023 | 2025 |
| Chau Doc – Soc Trang – Can Tho | 189 | 44,691 | 17/06/2023 | 2027 |
| Khanh Hoa – Buon Ma Thuot | 118 | 21,935 | 18/06/2023 | 2027 |
| Bien Hoa – Vung Tau | 54 | 17,837 | 18/06/2023 | 2026 |
| HCMC Ring Road 3 | 76 | 75,378 | 17/06/2023 | 2026 |
| Ha Noi Ring Road 4 | 113 | 85,813 | 25/06/2023 | 2027 |
| Ho Chi Minh Road | 164 | 9,965 | 2H23 | 2025-26 |
| Dai Ngai Bridge | 15 | 8,010 | 2H23 | 2026 |
| An Huu - Cao Lanh | 27 | 5,880 | 25/06/2023 | 2025 |

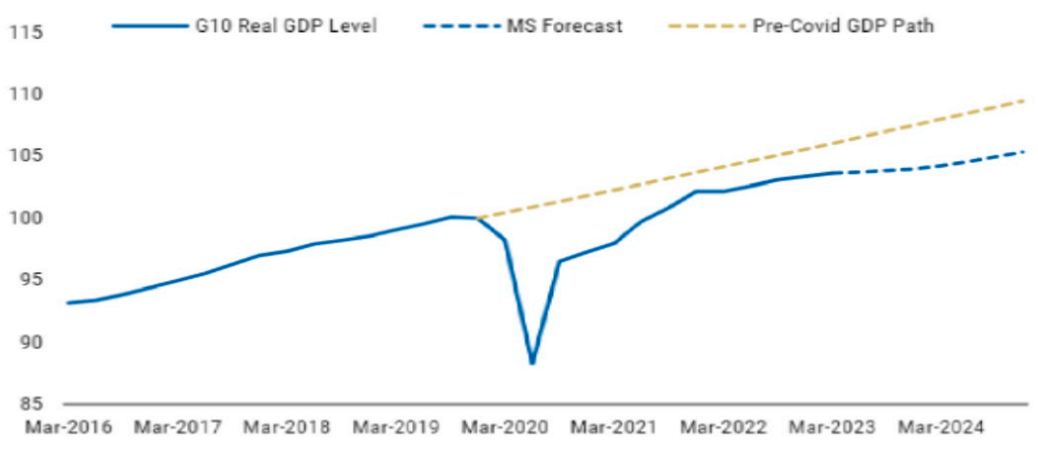
*Source: MoT, RongViet Securities*

# GLOBAL RECESSION RISK



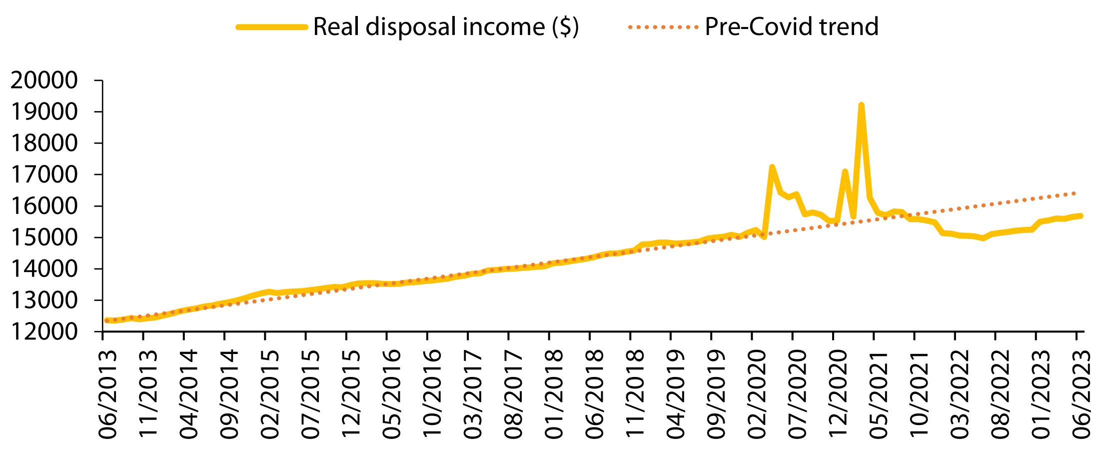
- The IMF in its latest report raised its forecast for global economic growth in 2023 to 3.0% from 2.8% and kept 2024 growth unchanged at 3.0%.
- According to the IMF, the risks coming from two major economies are: 1) tighter credit conditions in the US and 2) depletion of US household savings, 3) in China the economic recovery slow. US economic growth is forecasted to slow from 1.8% in 2023 to 1.0% in 2024. Similarly, in China, GDP growth is expected to slow from 5.2% this year to 4.5% in 2024.
- US economic conditions are currently quite favorable such as: 1) inflation is on the decline (up 3.0% YoY in June 2023), 2) positive labor market (unemployment rate stood at 3.6% while wage growth was at 4.4%) and 3) 2Q23 economic growth came in at 2.4%, higher than expected.
- However, some indicators to watch out for are 1) US consumer confidence is still at historic lows, 2) despite rising wages, real disposable income of Americans has not yet returned to pre-Covid trends, and 3) the full impact of the tightening monetary policy cycle will gradually become apparent.
- According to the IMF, in China, the recovery has not been as expected after reopening with concerns including: 1) weakness in the real estate sector, 2) decreasing external demand, 3) unemployment rate of youth at record high. Currently, many large financial institutions (Morgan Stanley, Goldman Sachs) expect that the policy to stimulate growth and support the real estate market in China will be effective in the coming time.

## Figure 29: G10 GDP growth to bottom in 2Q-3Q23



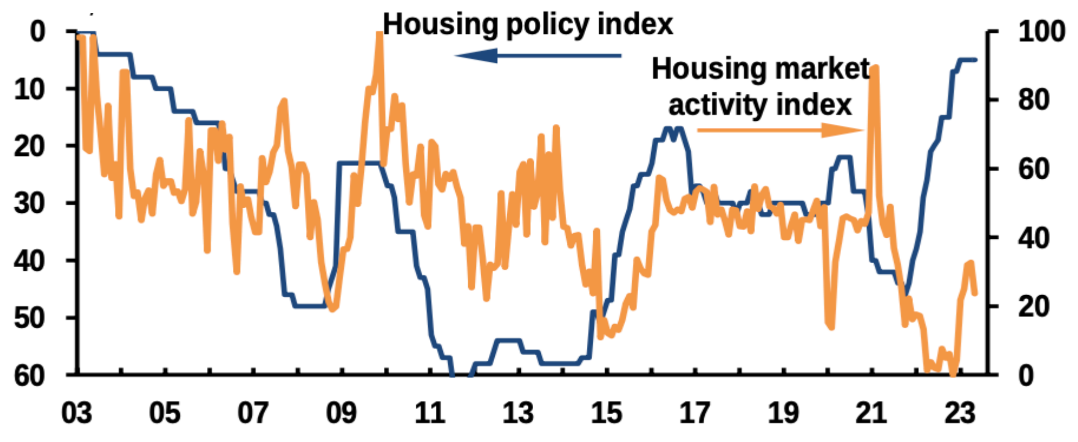

*Source: Morgan Stanley, RongViet Securities*

## Figure 30: Real disposal income of Americans



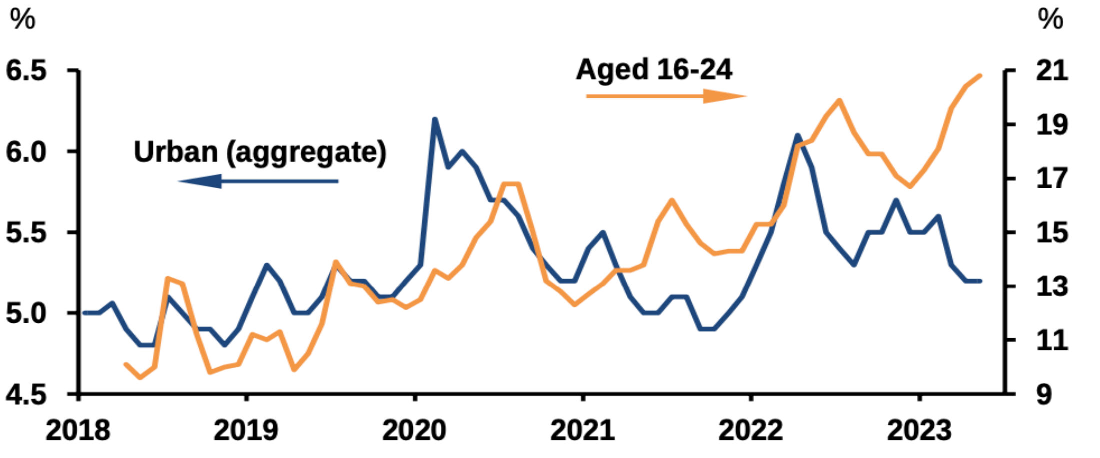

*Source: FRED, RongViet Securities*

## Figure 31: Housing policy index vs. market activity index in China




*Source: JP.Morgan, RongViet Securities*

## Figure 32: Record high youth unemployment rate in China




*Source: JP.Morgan, RongViet Securities*

# BE CAUTIOUS WITH EXCHANGE RATE RISK

- The Fed continues to be hawkish, not cutting interest rates yet. The USD is expected to maintain its strength in 2H2023 thanks to the high interest rate environment and its role as a safe-haven currency in the context of world economic instability.

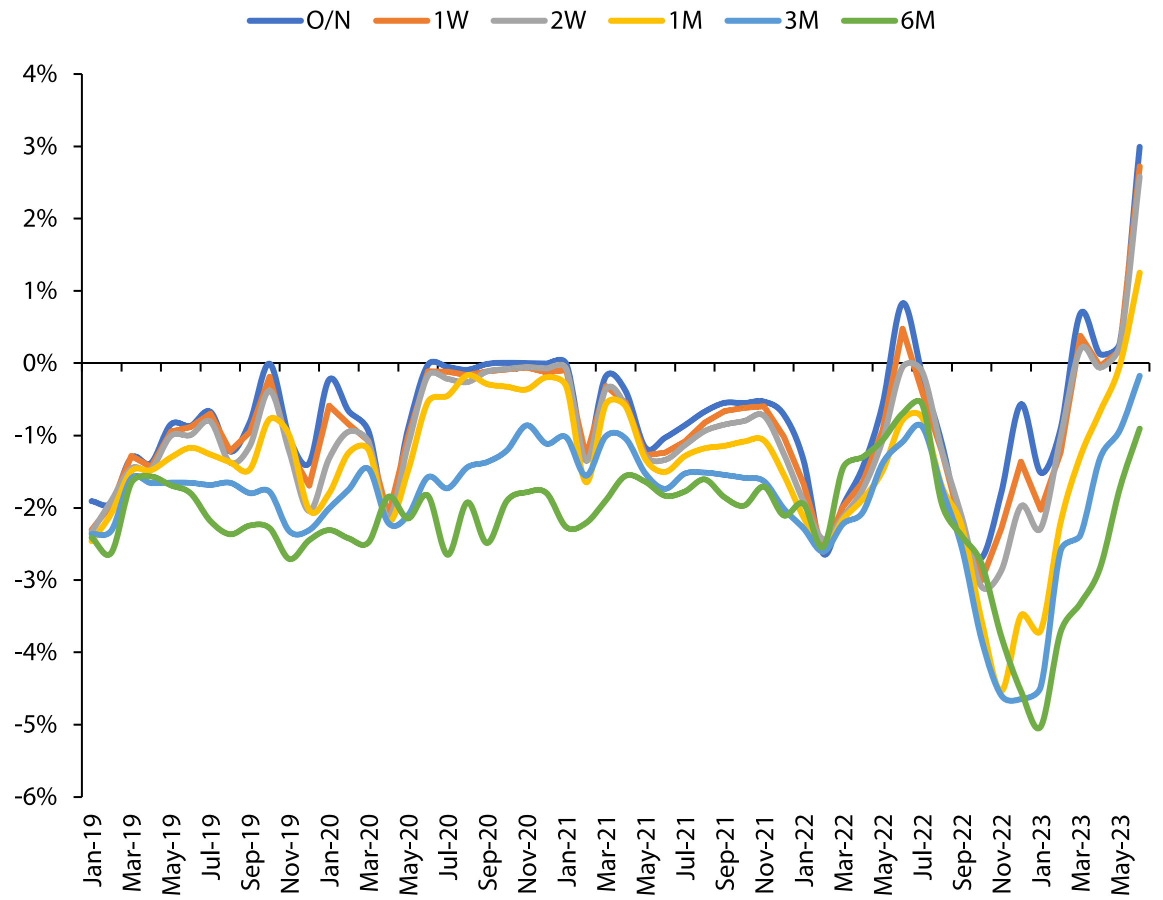
- The mixed views on monetary policy are shaping the movements of currencies. The ECB's continued tightening of monetary policy has helped the EUR gain slightly against the USD in 1H23, although the Eurozone is confirmed to fall into a technical recession for two consecutive quarters in Q4/2022 and Q1/2023. In Asia, the stance of maintaining the loose monetary policy of the PoBC and BoJ made the currencies of these two countries continue to depreciate by about 5.0% and 9.3% against the USD in 1H23.

- In Vietnam, the exchange rate on the interbank market inched up in May 2023 (+0.13% compared to April) and in June alone increased by 0.4% compared to the end of May. In the informal market, the free exchange rate increased by 0.8% in June. The listed exchange rate at Vietcombank as of 04/08/2023 was 23,520-23,890 VND/USD, 0.7% higher compared to the end of 2022.

- The USD-VND interest rate differential on the interbank market is at a record high, stimulating carry trade and creating depreciation pressure on the dong.

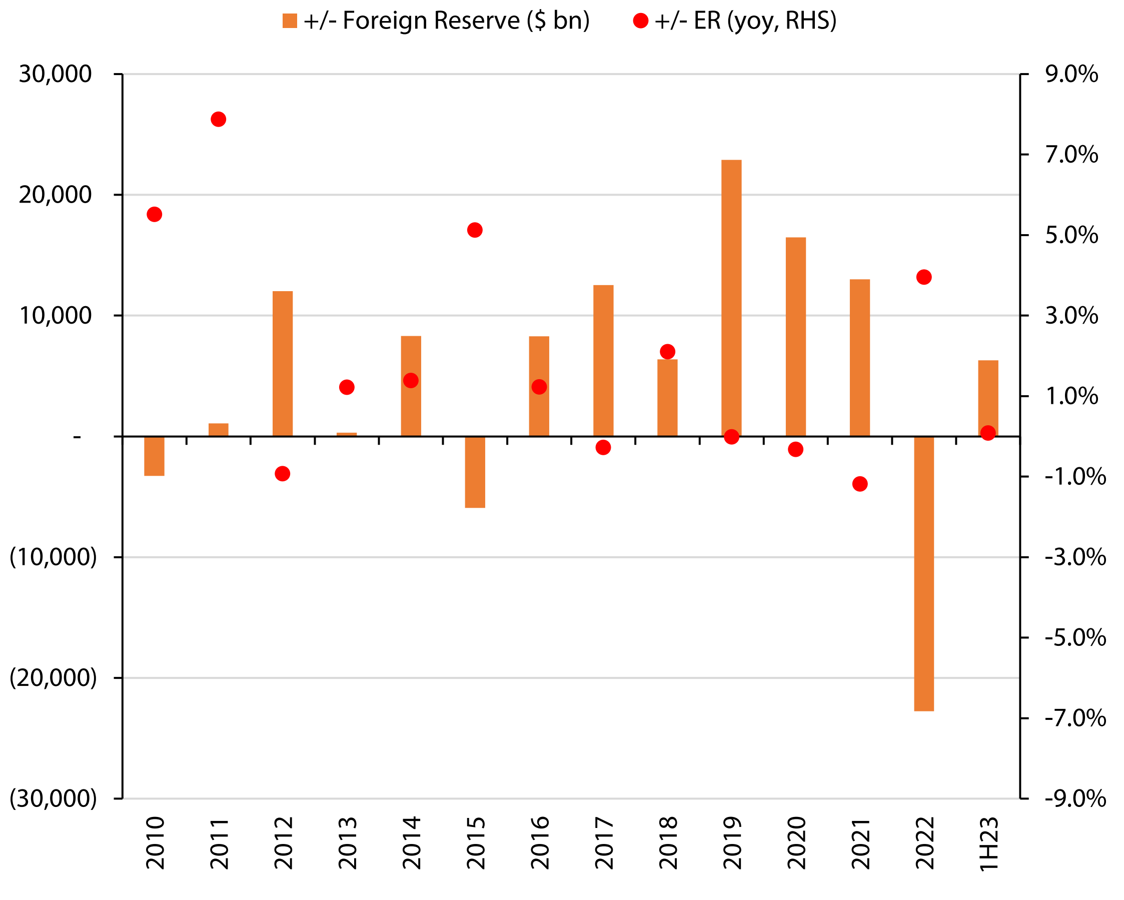
- The SBV lowered the operating interest rate quite drastically in 1H23, aligning with the growth target and lowering the shield of exchange rate stability. The USDVND exchange rate in 2H23 can "test" the threshold of 24,500 VND/USD, the year-end exchange rate is expected at 24,200 VND/USD, in our view.

**Figure 33: The USD-VND interest rate differential is at a record high, putting pressure on the dong**




*Source: SBV, RongViet Securities*

**Figure 34: The SBV actively hoarded foreign currency in the first half of 2023**



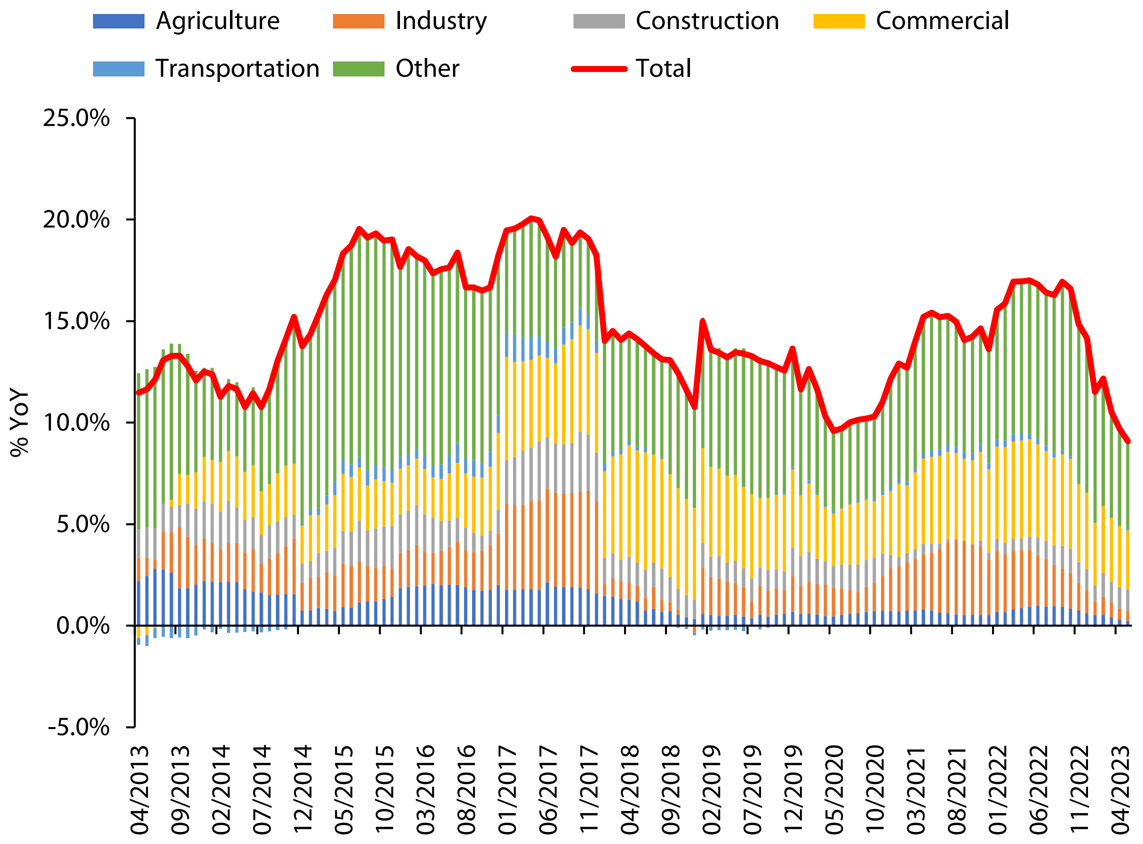

*Source: VCB, Bloomberg, RongViet Securities*

# MONITORING CREDIT QUALITY AND BAD DEBT



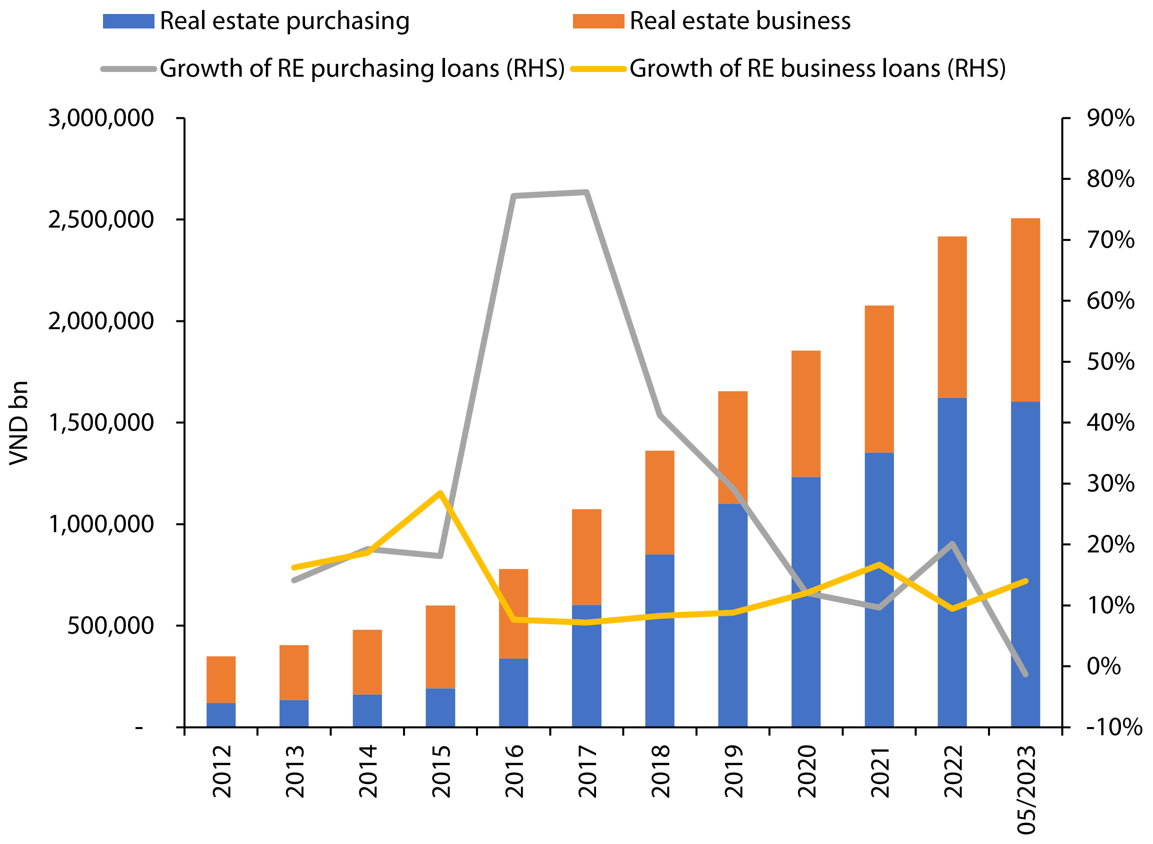
- The government's target to push credit to the real economy:
  - The credit package of VND15,000 billion for forestry and fishery products will be implemented from July 2023. The minimum interest rate is 1-2%/year lower than the average lending interest rate of the same term. The implementation period is until Jun 30, 2024.
  - Continuing to implement a credit package of VND120 trillion for development and purchase of social housing and disburse a 2% interest rate support package of VND40 trillion.
  - Circular 06/2023/SBV-TT, effective from Sep 2023, stipulates non-lending capital needs, including: debt reversal, deposit, payment of capital contribution, purchase and transfer of contributed capital at unlisted joint stock companies, payment of capital contribution or investment cooperation contracts with investment projects that are not eligible to be put into business.
- Fact: Credit growth for real estate business increased by VND132 trillion, equivalent to 23% of the total credit growth of the economy. For comparison, the additional credit scale of 4 sectors 1) Agriculture, 2) Industry, 3) Trade & 4) Transport was VND247 trillion in 5M2023.
- Currently, 24 social expansion projects are eligible, if they are approved, loan demand could be VND12,442.78/120,000 billion (~10.37% of the total credit package).
- By the end of Jun 2023, the total outstanding balance (principal and interest) which was restructured in repayment terms and kept in the same debt group was about VND62.5 trillion. This scale is small compared to the average/month result of the same policy during the Covid-19 period.

**Figure 35: Key drivers of credit growth are commercial & other sector in 5M23**




*Source: SBV, RongViet Securities*

**Figure 36: Lending to real estate increased sharply in 5M23**



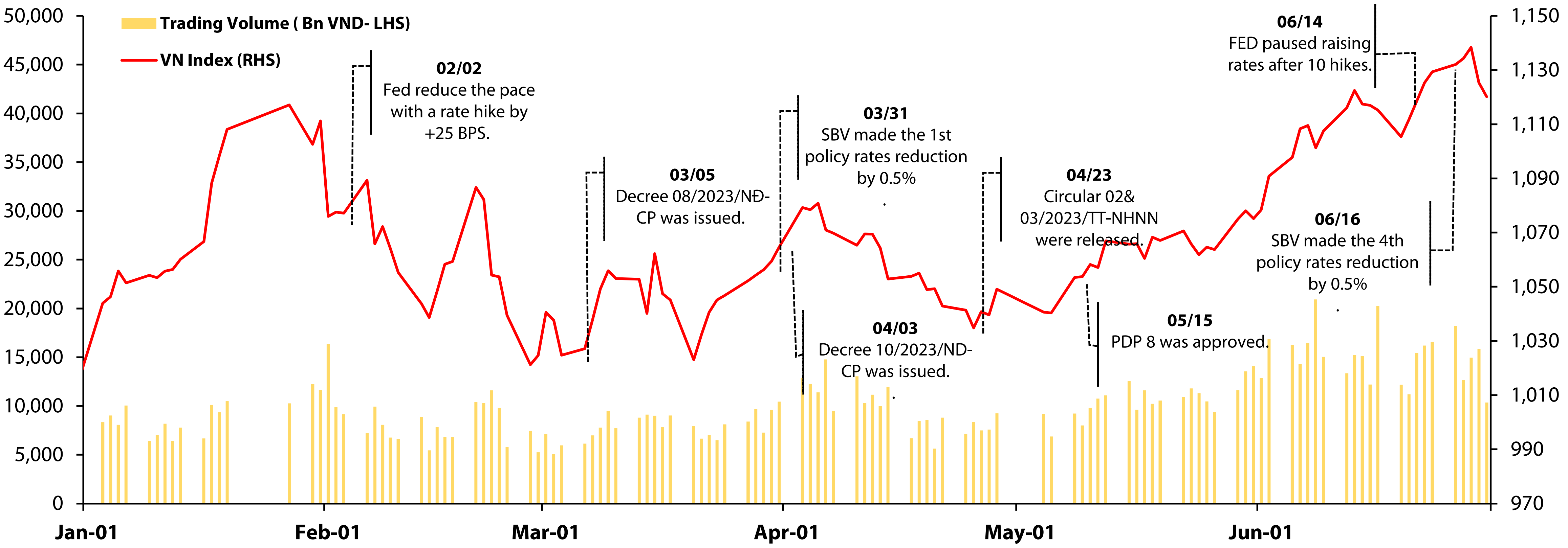

*Source: SBV, RongViet Securities, 05/2023: YTD growth*

# 1H2023 MARKET REVIEW

## TOUGH TIME HAS GONE

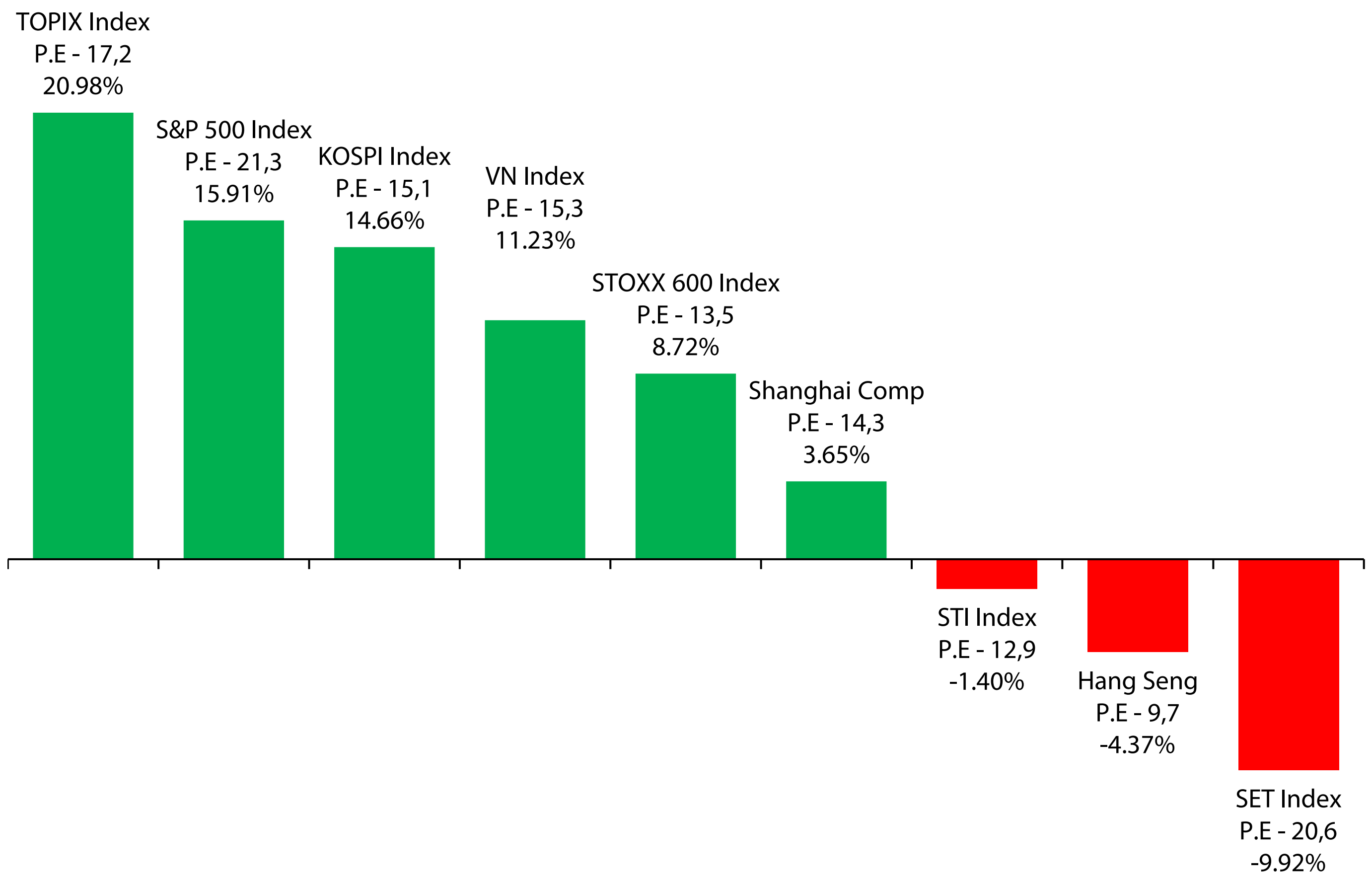
Hung Le – hung.ltq@vdsc.com.vn

**Figure 1: VN Index in the 6M2023 – Confirm the trough and was lifted back by reversing the direction in giving policies.**



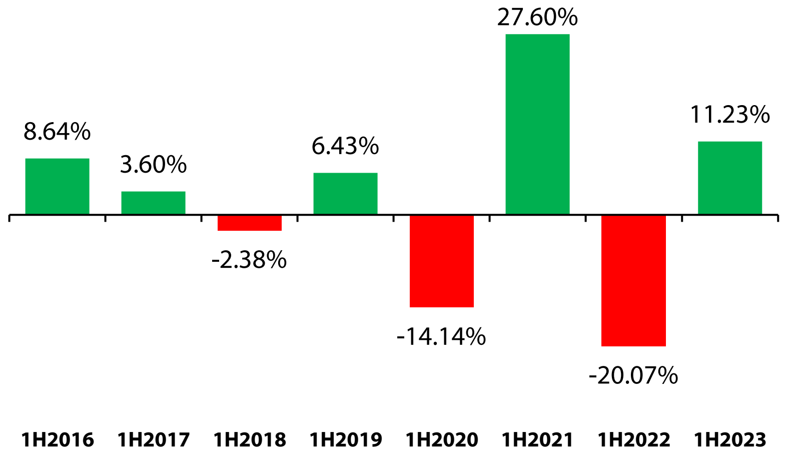

The strong reversal of the stock market was driven by investor's expectations about the macro-outlook as both global and local environments were favorable for the market. Most countries witnessed that 1/ Inflation was cooling down, 2/ monetary policy was also less hawkish with interest rates approaching the peak and 3/ a potential extreme risks of the global banking system did not occur. While Vietnam, from the 2nd quarter, has begun to reverse 1/monetary policy, executed massive of 2/fiscal measures (typical ones included reducing the policy rates 4 times, accelerating national expressways projects and rings roads), and 3/giving new regulations and guidance to solve critical issues that affects the economy which were related to bond market (Decree 08, Circular 02 & 03), real estate (Decree10, Decree 35), and energy sectors (PDP 8).

**Figure 2: Global indices' returns in 6M2023**




*Source: Bloomberg, RongViet Securities*

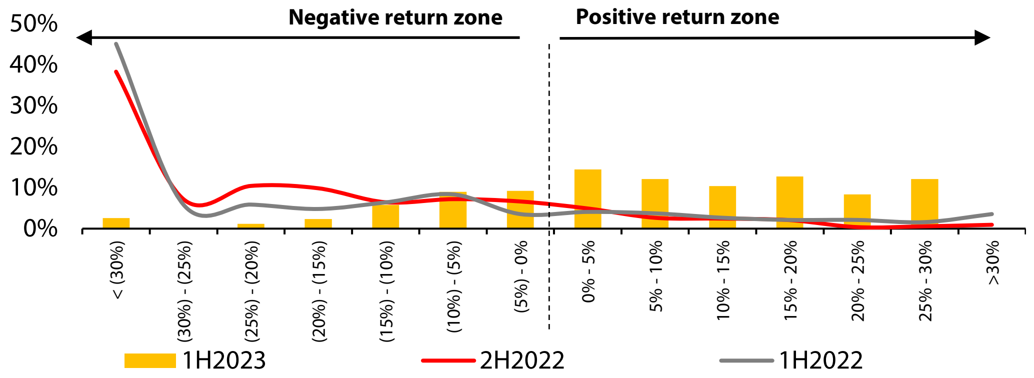
**Figure 6: VN index 1H's return (2018-2023)**




*Source: Bloomberg, RongViet Securities*

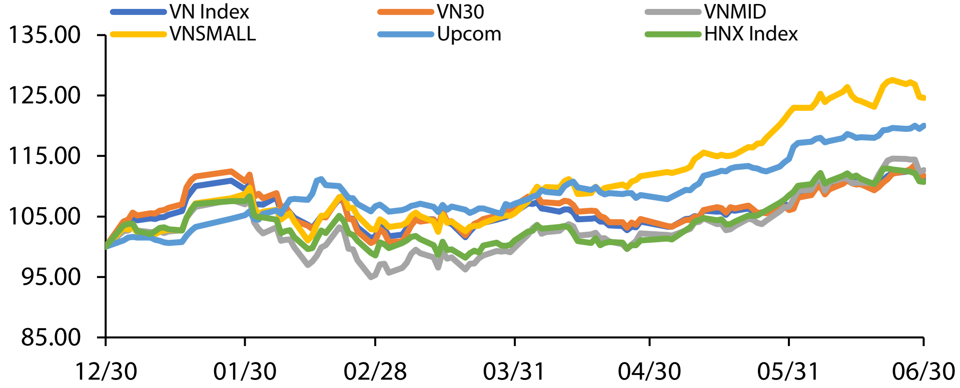
- In the first half of 2023, Vietnam stock market witnessed the second-best return in the last 8 year as It increase by 11.23%
- It was among the top performers among global peers (figure 2).

**Figure 4: Returns distribution on HSX and HNX - The sentiment was more positive versus last year's disaster as 70% stock witnessed positive YTD returns**



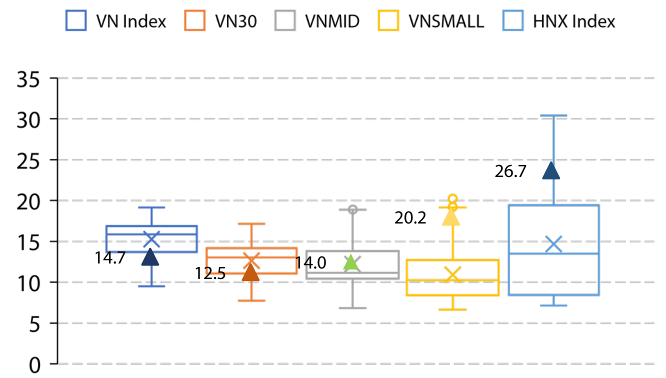

*Source: Bloomberg, RongViet Securities*

**Figure 5: VNSMALL outperformed the others**




*Source: Bloomberg, RongViet Securities*

**Figure 6: But VNSMALL seems overvalued**

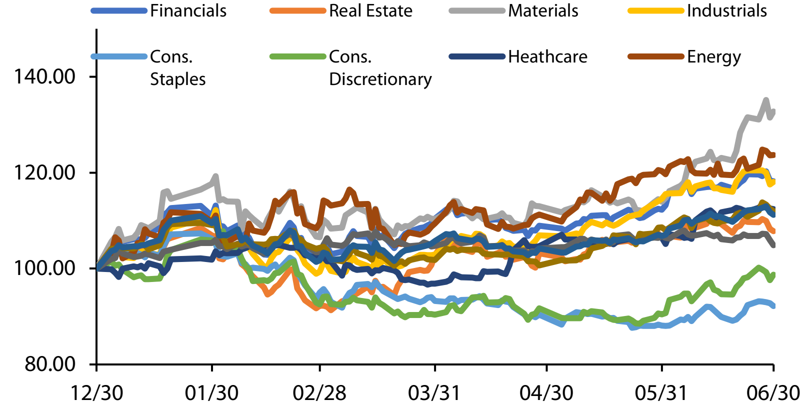



*Source: Bloomberg, RongViet Securities*

**Figure 7: 6/10 sectors outperformed the VN Index**


*Source: Bloomberg, RongViet Securities*

**Figure 8: Materials made a fastbreak in June to leave others behind**




*Source: Bloomberg, RongViet Securities*

**Figure 9: Daily trading value via matching order via matching orders (VND billion) – Peaking up from 1H2021-1H2022, then fall back to a new high relative to the last five year**

| | VN Index | VN30 | VNMID | VNSMALL | Upcom | HNX Index |
|---|---|---|---|---|---|---|
| June-23 | 15,002 | 5,283 | 7,203 | 1,989 | 751 | 1,751 |
| May-23 | 10,278 | 3,349 | 5,006 | 1,566 | 533 | 1,449 |
| April-23 | 9,764 | 3,502 | 4,573 | 1,459 | 427 | 1,252 |
| March-23 | 7,900 | 3,480 | 3,309 | 933 | 273 | 828 |
| February-23 | 8,520 | 3,570 | 3,519 | 1,175 | 391 | 1,038 |
| January-23 | 8,883 | 3,835 | 3,656 | 1,080 | 391 | 914 |
| 1H2023 | 10,203 | 3,884 | 4,624 | 1,383 | 467 | 1,220 |
| 2H2022 | 11,225 | 4,345 | 4,931 | 1,517 | 542 | 1,203 |
| 1H2022 | 19,816 | 7,052 | 8,051 | 3,376 | 1,361 | 2,381 |
| 2H2021 | 22,767 | 9,497 | 7,539 | 3,703 | 1,891 | 3,191 |
| 1H2021 | 17,059 | 9,208 | 4,340 | 1,786 | 1,080 | 2,604 |
| 2H2020 | 6,641 | 3,333 | 1,944 | 830 | 394 | 693 |
| 1H2020 | 3,656 | 2,143 | 917 | 371 | 219 | 493 |
| 2H2019 | 3,035 | 1,903 | 679 | 287 | 197 | 285 |
| 1H2019 | 2,805 | 1,514 | 746 | 263 | 210 | 361 |
| 2H2018 | 3,278 | 1,794 | 789 | 261 | 230 | 547 |
| 1H2018 | 5,309 | 3,143 | 1,067 | 305 | 309 | 905 |
| 2H2017 | 3,607 | 1,808 | 1,007 | 352 | 167 | 631 |
| 1H2017 | 3,275 | 1,285 | 800 | 290 | 120 | 499 |
| 2H2016 | 2,133 | 1,169 | 455 | 318 | 49 | 435 |
| 1H2016 | 2,051 | 950 | 543 | 481 | 100 | 611 |

*Source: Bloomberg, RongViet Securities, Updated as of June 30th 2023*

Daily trading value reached a trough then recovered since March and sublimated (~40% MoM) across exchange In June. Notably, HSX's average daily trading value of the 1H2023 marked to VND 10,203 billion (~USD 425 billion), which is significantly higher than Pre -Pandemic period (figure9).

**Figure 10: AVG daily turnover (VND billion) via matching orders among sectors– Consumer, Financial, and industrials were the top 3 closest to their peak in term of daily liquidity**

| | Consumer Discretionary | Consumer Staples | Energy | Financials | Health Care | Industrials | Information Technology | Materials | Real Estate | Utilities |
|---|---|---|---|---|---|---|---|---|---|---|
| **June-23** | 518 | 1,196 | 269 | 4,940 | 30 | 3,038 | 171 | 2,528 | 237 | 237 |
| **May-23** | 282 | 735 | 258 | 3,556 | 28 | 2,248 | 124 | 1,782 | 218 | 218 |
| **April-23** | 372 | 750 | 170 | 3,450 | 22 | 1,696 | 123 | 1,772 | 186 | 186 |
| **March-23** | 227 | 580 | 179 | 3,199 | 16 | 1,003 | 101 | 1,067 | 178 | 178 |
| **February-23** | 333 | 652 | 180 | 2,945 | 16 | 1,257 | 106 | 1,290 | 171 | 171 |
| **January-23** | 285 | 758 | 185 | 3,402 | 14 | 1,349 | 111 | 1,152 | 197 | 197 |
| **1H2023** | 338 | 781 | 208 | 3,601 | 21 | 1,781 | 123 | 1,616 | 198 | 198 |
| **2H2022** | 516 | 1,063 | 248 | 3,521 | 20 | 1,842 | 175 | 1,759 | 281 | 281 |
| **1H2022** | 813 | 1,461 | 479 | 5,106 | 76 | 4,044 | 331 | 3,334 | 547 | 547 |
| **2H2021** | 683 | 1,653 | 433 | 7,513 | 108 | 3,647 | 319 | 4,163 | 507 | 507 |
| **1H2021** | 450 | 1,206 | 442 | 6,818 | 39 | 1,891 | 245 | 2,704 | 355 | 355 |
| **2H2020** | 293 | 695 | 153 | 2,243 | 20 | 1,095 | 132 | 1,037 | 206 | 206 |
| **1H2020** | 242 | 415 | 122 | 914 | 21 | 452 | 113 | 594 | 118 | 118 |
| **2H2019** | 195 | 251 | 81 | 525 | 15 | 403 | 106 | 501 | 91 | 91 |
| **1H2019** | 163 | 269 | 121 | 563 | 20 | 415 | 49 | 471 | 134 | 134 |
| **2H2018** | 170 | 406 | 98 | 914 | 21 | 443 | 50 | 552 | 74 | 74 |
| **1H2018** | 215 | 553 | 134 | 1,725 | 36 | 647 | 122 | 1,173 | 122 | 122 |
| **2H2017** | 169 | 345 | 104 | 599 | 36 | 622 | 91 | 667 | 74 | 74 |
| **1H2017** | 130 | 316 | 133 | 390 | 31 | 593 | 50 | 428 | 55 | 55 |
| **2H2016** | 136 | 398 | 51 | 181 | 31 | 374 | 44 | 490 | 48 | 48 |
| **1H2016** | 127 | 275 | 64 | 228 | 20 | 326 | 36 | 193 | 87 | 87 |
| **Relative of the latest month versus the peak time** | **64%** | **72%** | **56%** | **66%** | **27%** | **75%** | **52%** | **61%** | **43%** | **43%** |

*Source: Bloomberg, RongViet Securities, Updated as of June 30th 2023*

# 1H2023 HIGHLIGHTS – RETAILS INVESTOR TOOK LEAD THE GAME

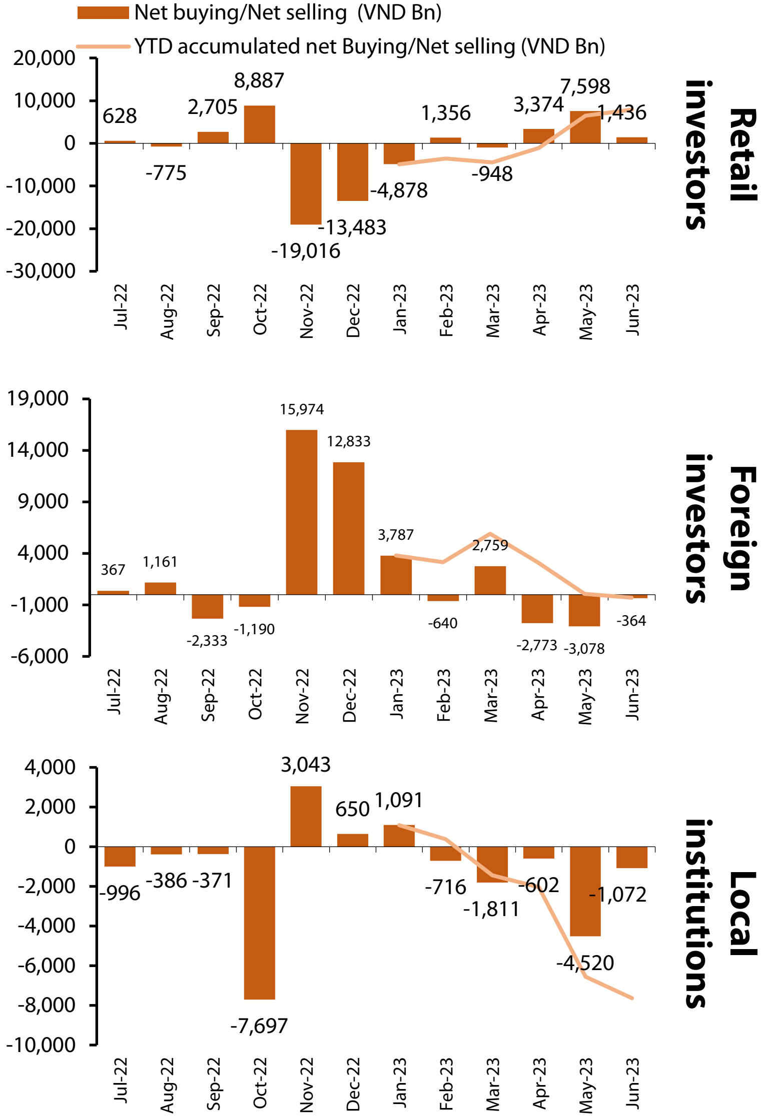


## Figure 11: AVG. daily turnover via matching order on HSX

| VND bilion | Retail investors | Institutional investors | Foreign investors | Total Market Turnover |
|---|---|---|---|---|
| June-23 | 635,837 | 55,083 | 57,129 | 374,025 |
| May-23 | 419,861 | 34,698 | 36,431 | 245,495 |
| April-23 | 378,464 | 30,247 | 38,435 | 223,573 |
| March-23 | 338,568 | 31,624 | 55,418 | 212,805 |
| February-23 | 319,625 | 33,317 | 51,788 | 202,365 |
| January-23 | 277,797 | 25,203 | 37,811 | 170,405 |
| 1H2023 | 395,025 | 35,029 | 46,168 | 238,111 |
| 2H2022 | 478,102 | 44,517 | 54,968 | 288,793 |
| 1H2022 | 679,051 | 50,085 | 62,974 | 396,055 |
| 2H2021 | 929,092 | 66,268 | 70,426 | 532,893 |
| 1H2021 | 613,243 | 49,084 | 68,783 | 365,555 |
| 2H2020 | 276,114 | 28,358 | 36,668 | 170,570 |
| 1H2020 | 134,487 | 12,914 | 29,039 | 88,220 |
| 2H2019 | 104,454 | 13,101 | 22,803 | 70,179 |
| 1H2019 | 91,881 | 10,821 | 26,489 | 64,595 |
| Last 6M correlation with market turnover | 0.9969 | 0.9800 | 0.4866 | 1.0000 |
| Last 36M correlation with market turnover | 0.9998 | 0.9906 | 0.9675 | 1.0000 |

*Source: Bloomberg, RongViet Securities, Updated as of June 30th 2023*

## Figure 12: Monthly net position in last 12M

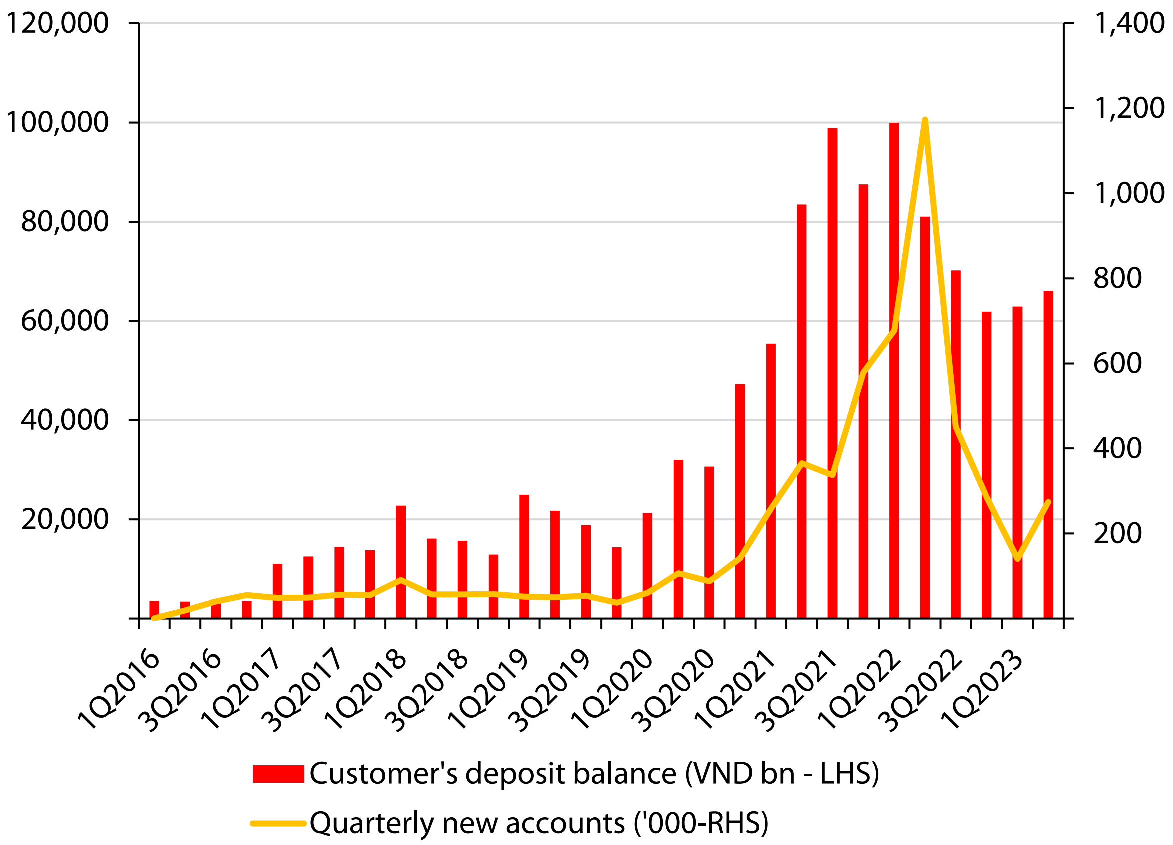



*Source: Finnpro, RongViet Securities*

Retail investors still dominated and accounted for 80-90% of market liquidity. In absolute term, 1H2023 monthly trading value was significantly higher than pre -covid times across group of investors although macro condition was not favorable. In which, retail investors and local institution investors shown up stronger move with CARG of 33% and 26% respectively, while the market saw a CARG of 30%.

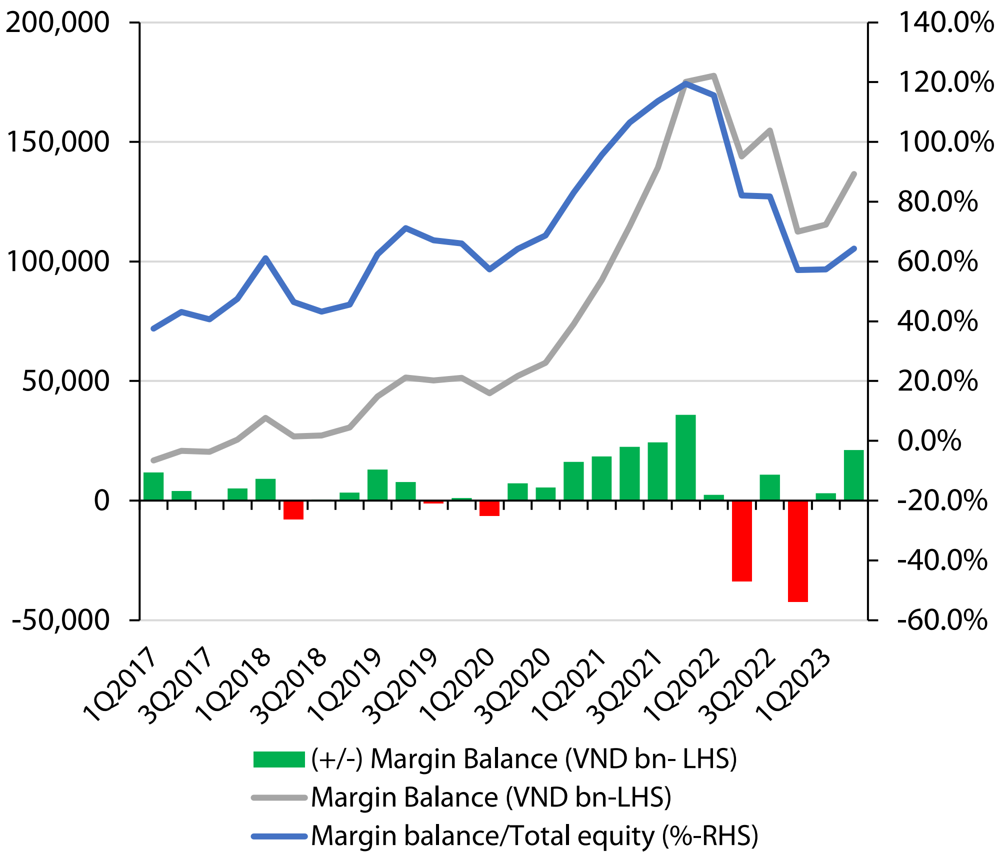
In 1H2023, the surge of retail investors and local investors in trading value have strong correlation with market turnover (figure 11), while the correlation with market liquidity for a longer time series showed the same among these three. Which implies that retail investors were the main drivers of market liquidity in the 1H2023. Thus, foreign investors reversed the course to net sell since April (figure 12), but it was due to the strong comeback of retails investors.

**Figure 13: Investors' deposit balance at brokerage firms, as well as number of new accounts trended bottom up from 4Q2022, the level of the two were all above the pre-pandemic figure.**



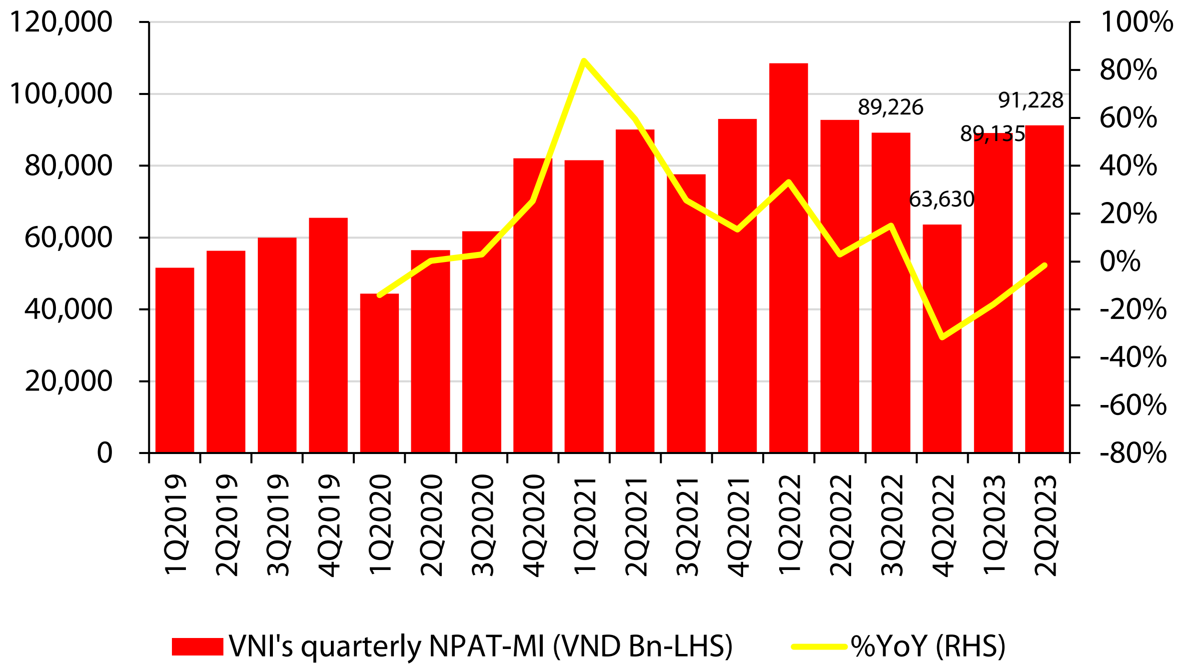

*Source: Finnpro, RongViet Securities*
*(*) the sample was taken from broker firms that revealed 2Q2023 financial report as of 07/25/2023*

**Figure 14: Margin loan revealed the same pattern, the margin loan notably grew faster than the margin/equity ratio, and the ratio is still far behind the historical peak.**



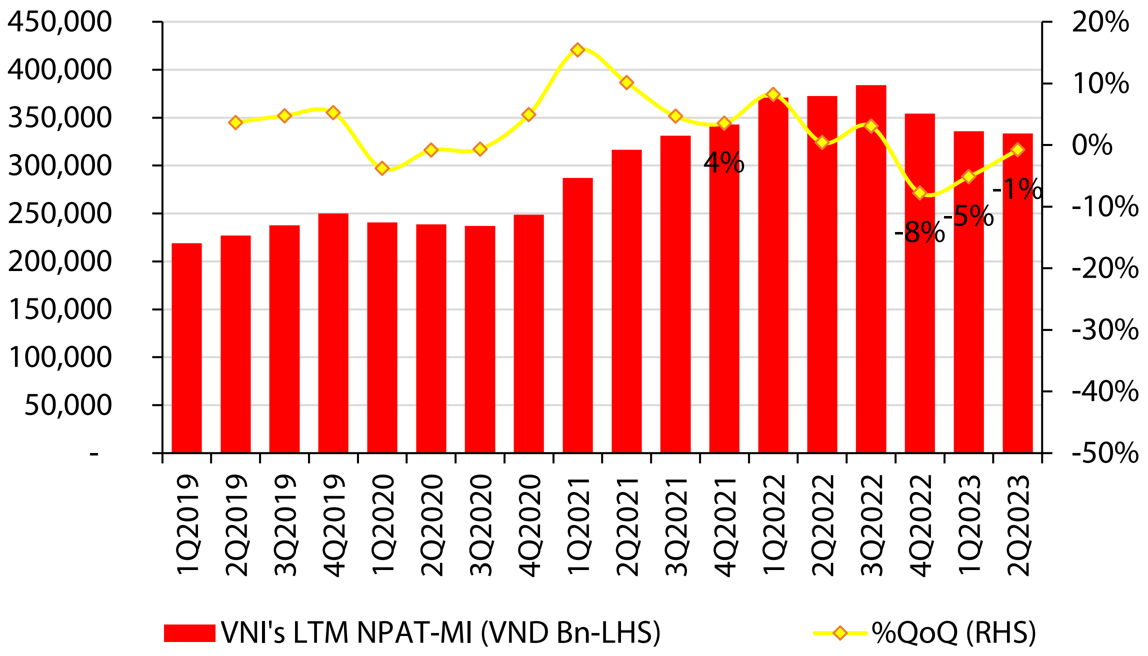

*Source: Finnpro, RongViet Securities*
*(*) the sample was taken from broker firms that revealed 2Q2023 financial report as of 07/25/2023*

**Figure 15: Quarterly earnings recovered in 1H2023, and reach a new high in the last four quarter…**



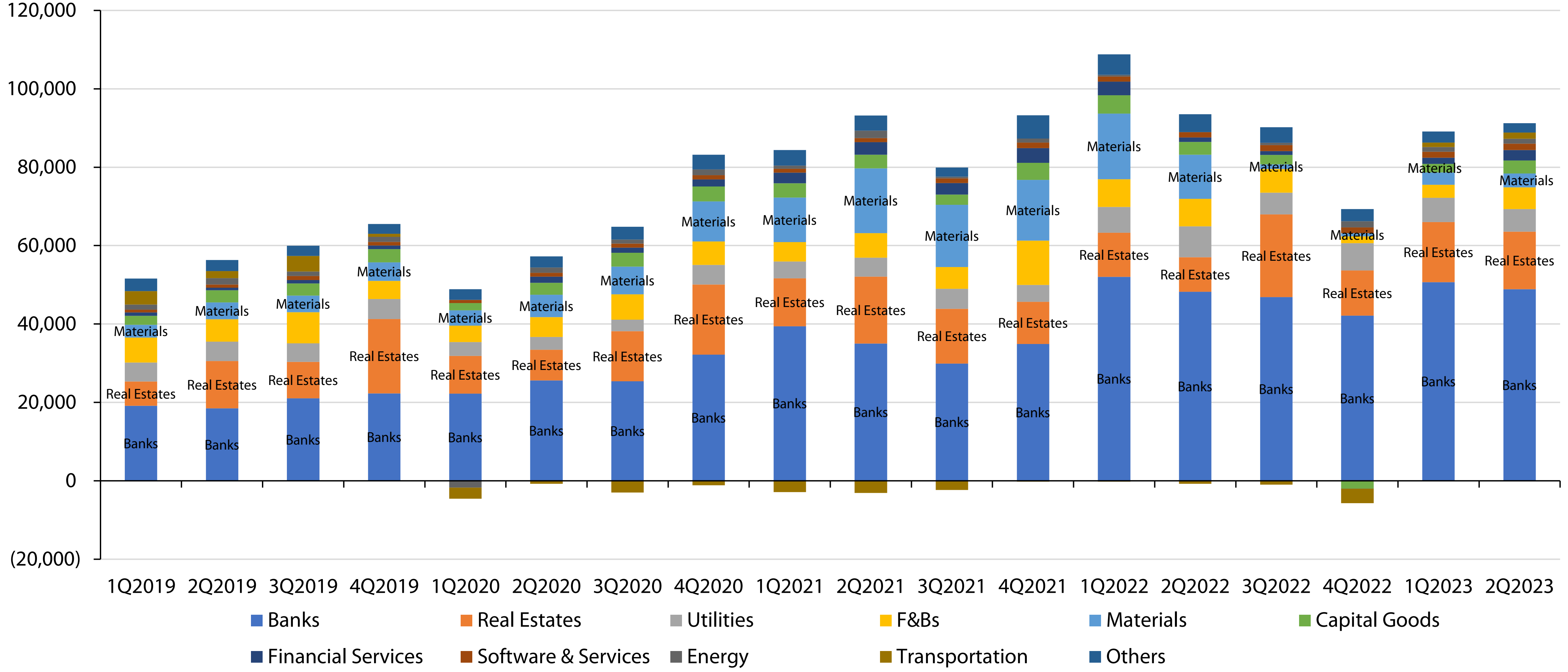

*Source: Bloomberg, RongViet Securities*

**Figure 16: If quarterly earnings maintain the trends in upcoming quarters, LTM earnings could be bottom up from 2Q203.**



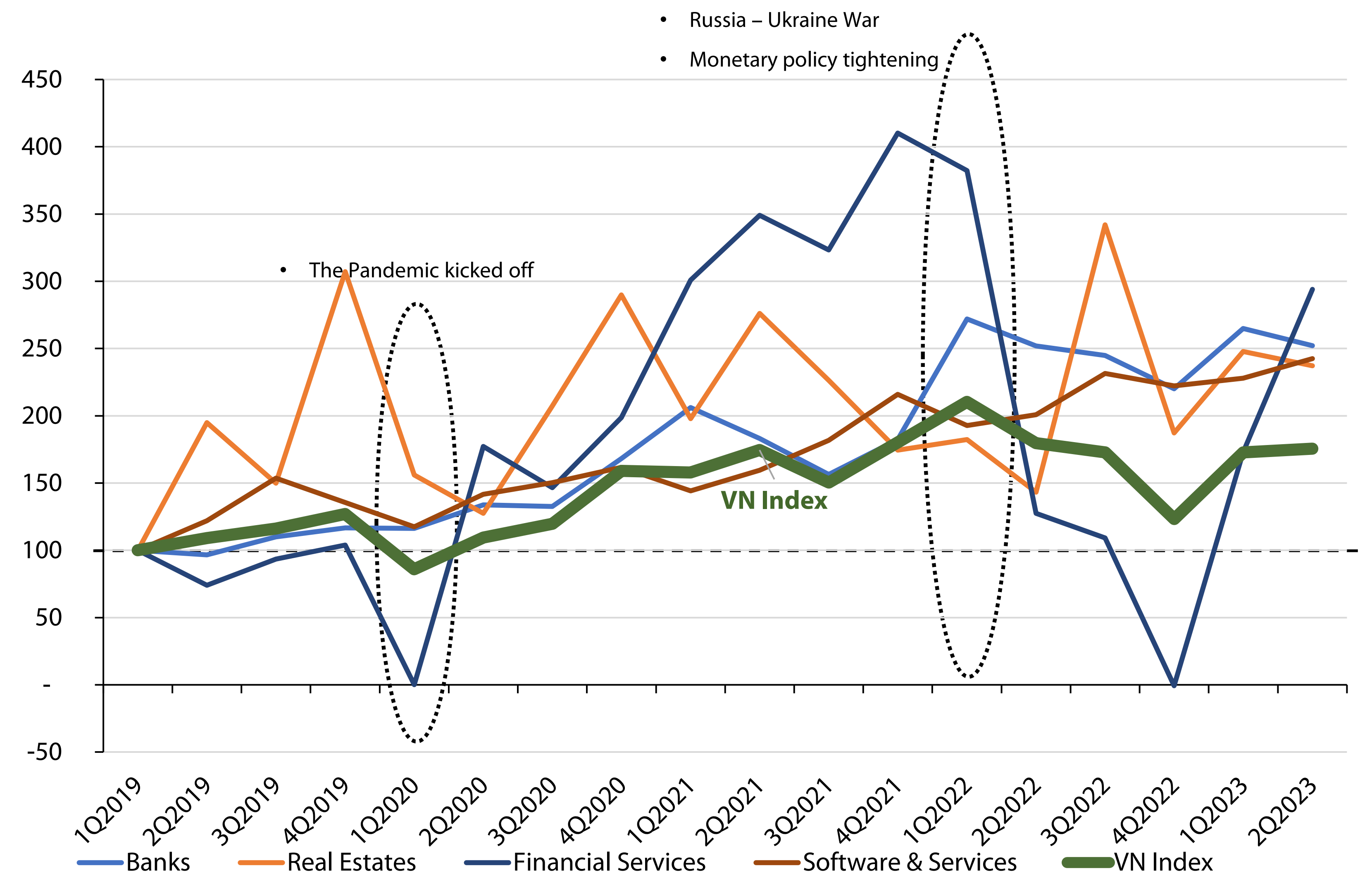

*Source: Bloomberg, RongViet Securities*

**Figure 17: Banks and Real Estates were still the main pillars, while Materials is trying to reach back its normalization and Transportation witnessed positive earnings in the 1H2023 after getting hits during the Pandemic as well as monetary policies tightening.**




*Source: Bloomberg, RongViet Securities, the data was complied following GICS level 2 standard and classified into the top 10 contributors to total earnings of VN Index*

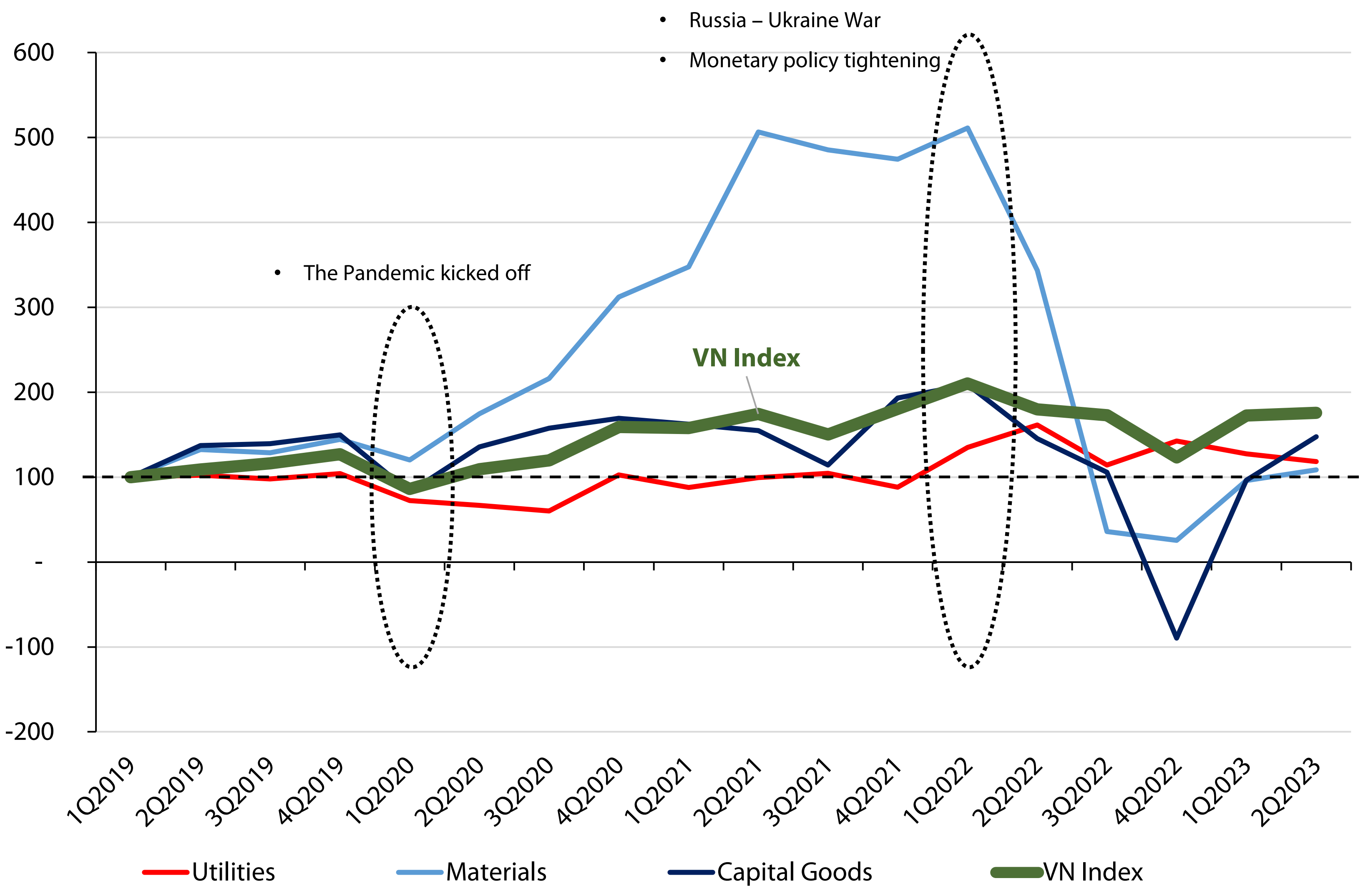
**Figure 18: Relative quarterly earnings growth (1Q2019-2Q2023) – For those, who beat the overall market….**




- After 18 quarters, the earnings level of these industries were more than "**twice**" with **CAGRs +23%** on average.
- **Financial Services** (CAGR +27%), and **Real Estates** (CAGR +21%) were the most volatile ones.
- Notably, **Financial Services** get big hits in 1Q2020 and during the last 3 quarters of 2022. However, the growth rate still beat the others.
- **Banks** (CAGR+23%) and **Software & Services** (CAGR +21%) were more stable and had solid trends during the times.

*Source: Bloomberg, RongViet Securities*

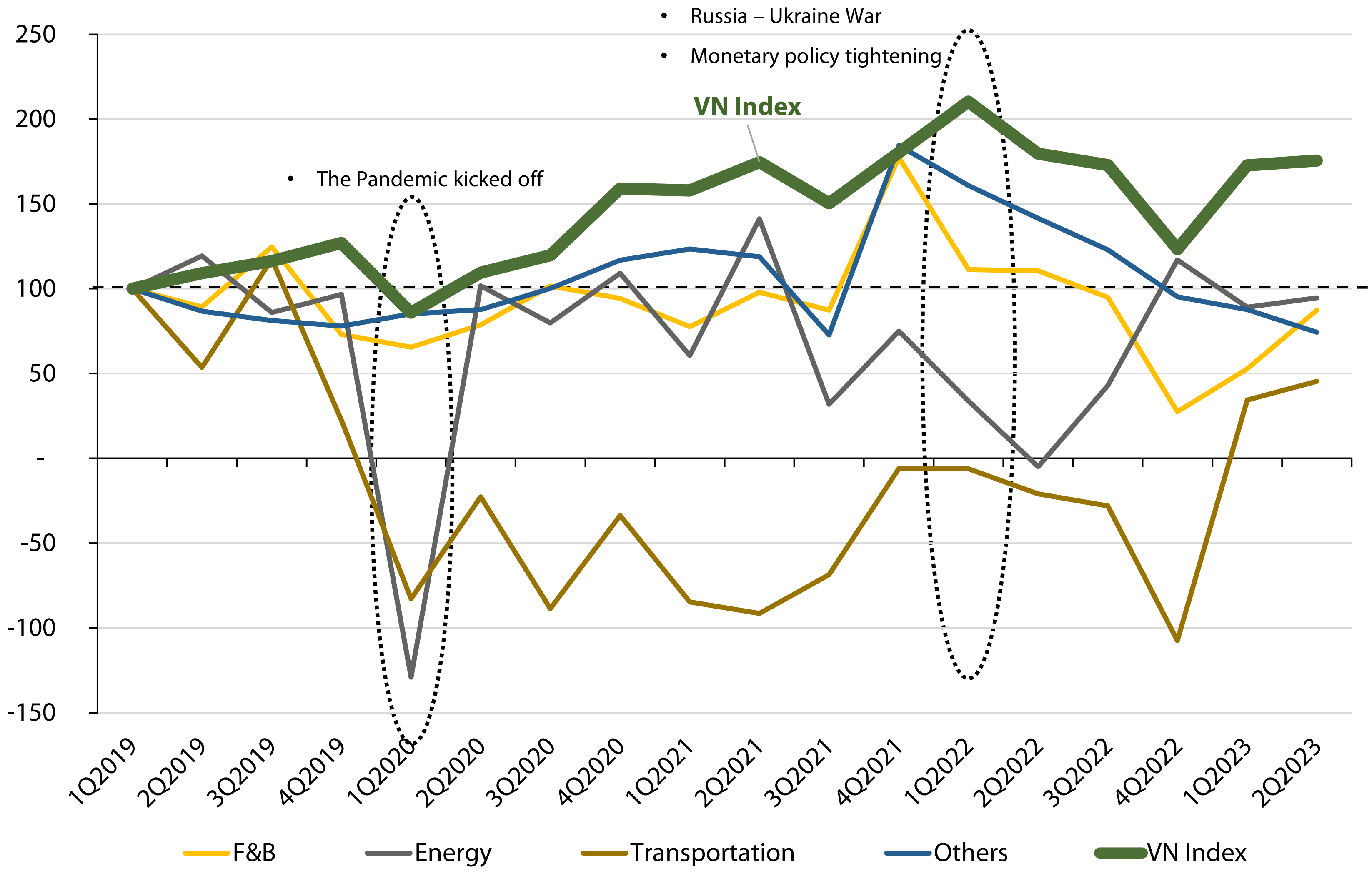
**Figure 19: Relative quarterly earnings growth (1Q2019-2Q2023) – For those, who grew up but below were the overall market…**




*Source: Bloomberg, RongViet Securities*

- After 18 quarters, the earnings level of these industries grew with CAGRs of 5% on average.
- Only **Utilities** maintain stable growing trends during monetary policies tightening, while **Materials,** and **Capital Goods** were deteriorated.
- **Materials** are notable ones, they benefited from the shock from supply chains disruption during the Pandemic, as well as Russia – Ukraine war, then was deteriorated due to the above reason and is trending back up in 1H2023.

**Figure 20: Relative quarterly earnings growth (1Q2019-2Q2023) – For those, who were laggards….**




*Source: Bloomberg, RongViet Securities*

- **Transportation** was the most notable one, earnings was in negative territory during the Pandemic and Monetary policy tightening until 1H2023.
- **Energy** was strongly volatile, but most of the time was in positive earnings, the mean level is around 75% of the 1Q2019.
- Except earnings surprises in 2Q2022 and 4Q20223 **F&Bs** almost stayed at the same level during the same period.
- The **Others**, which account for 4-5% total market earnings, were relatively stable around 100 level during the time.

# 2H2023 MARKET OUTLOOK

## THE BULL MARKET HAS COME BACK

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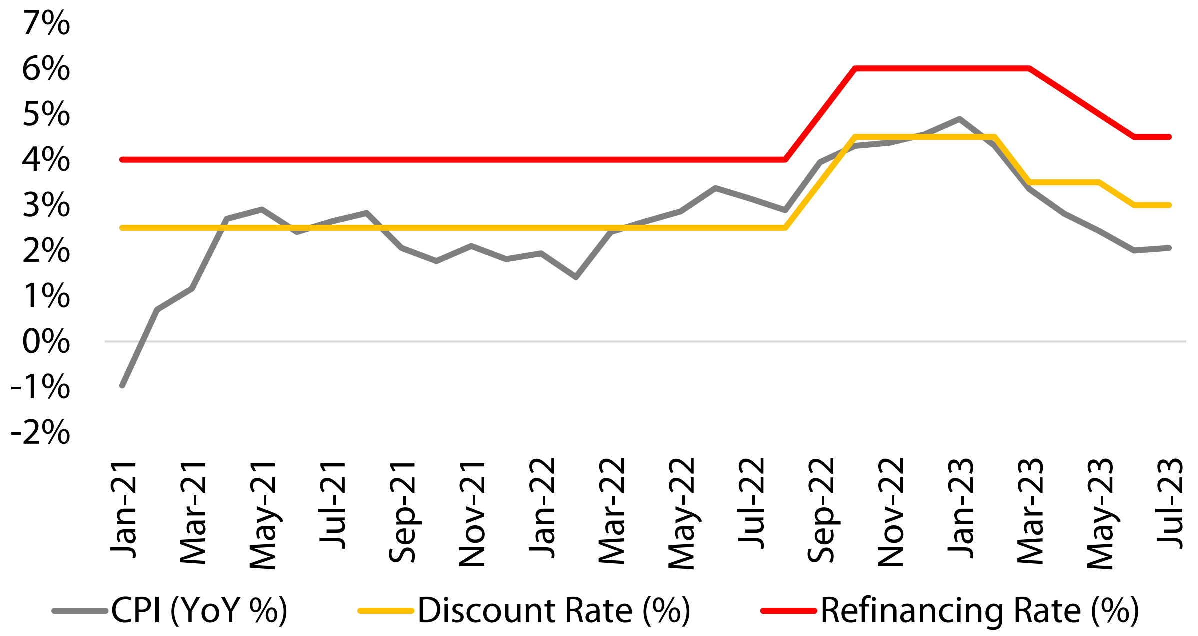
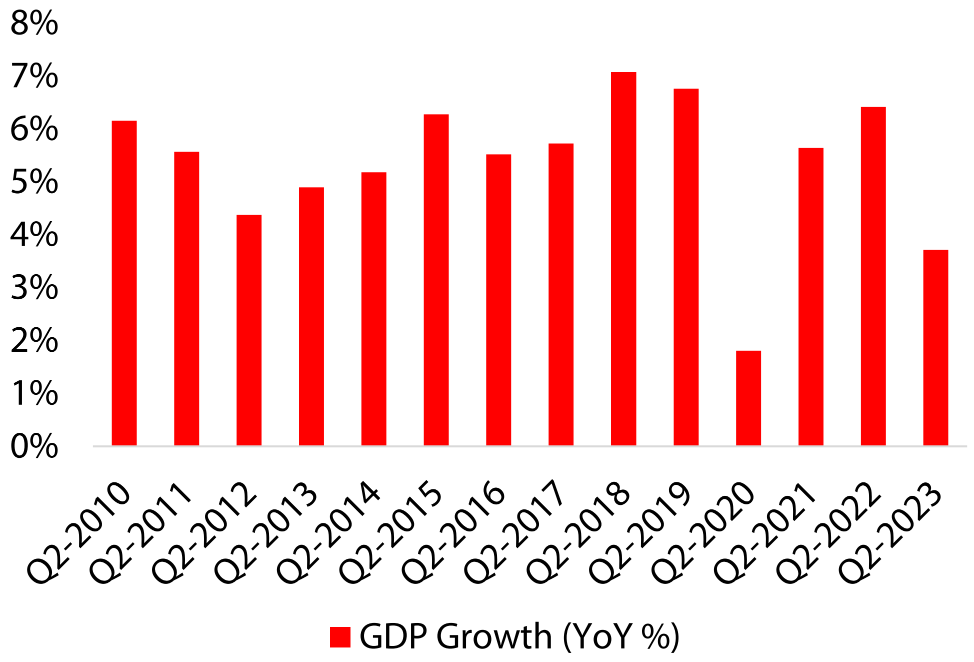
- SBV has swiftly cut policy rates 4 times since the beginning of 2023 in a context where inflation is no longer a concern and GDP growth in the first half of the year is the lowest in 13 years (excluding for 2020).
- SBV may have cut another 50 basis point in Q3/2023. As a result, the policy interest rates will return to their low in the Covid-19 period.

**Figure 1: SBV cut interest rates four times drops since inflation is no longer a concern …**




*Source: GSO, SBV, RongViet Securities*

**Figure 2:… and 1H-2023 GDP growth was the weakest since 2010 (excluding 1H-2020)**




*Source: GSO, RongViet Securities*

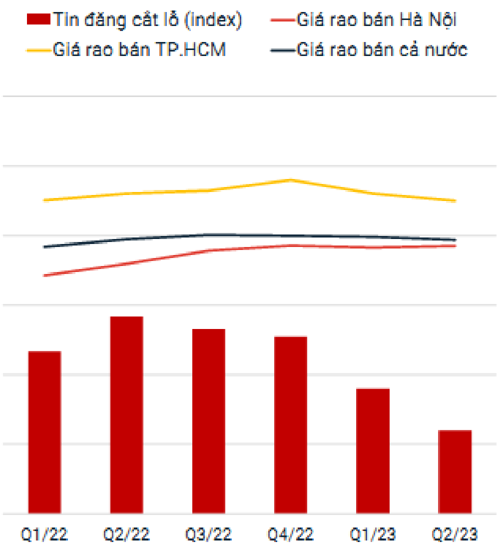
# THE STOCK MARKET TO REMAIN MORE ATTRACTIVE THAN OTHER INVESTMENT CHANNELS

**Figure 3: The real estate market is expected to struggle for a little while**

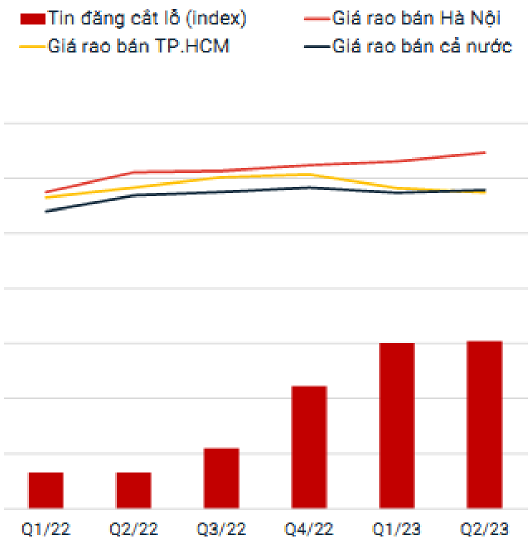
**The selling price of apartments and private houses is quite stable**

The asking price and the number of selling threads with "cut loss" keyword for apartments and private houses (Index)

Condo



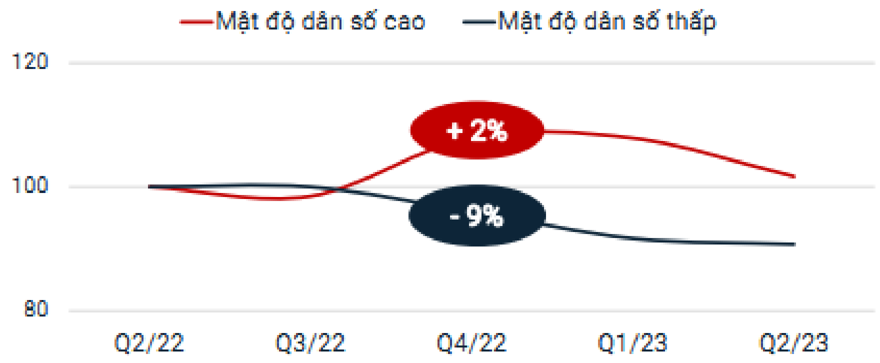

Private house



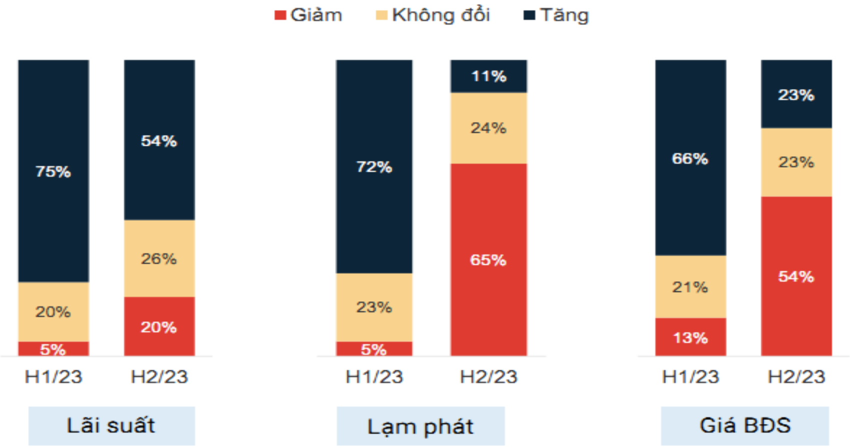

*Source: Batdongsan.com.vn*

**Land prices are differentiated by region and expected to continue to decrease.**

The price changes of land sales nationwide from the peak of 2022




Survey of the real estate market in the next year



# THE STOCK MARKET TO REMAIN MORE ATTRACTIVE THAN OTHER INVESTMENT CHANNELS

**Figure 4: Investing in gold has essentially yielded little profit YTD, and the Fed's policy stance of maintaining high interest rates throughout 2023 makes a gold price rally seem unlikely in 2H-2023**

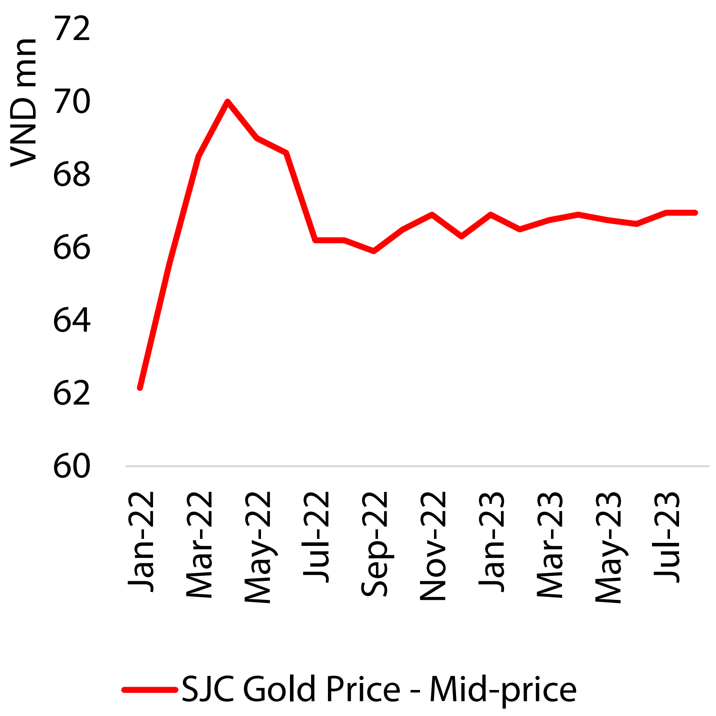



**Figure 5: The deposit interest rate has significantly dropped by 150-200 basis points from its peak, and could be lower for the rest of the year**

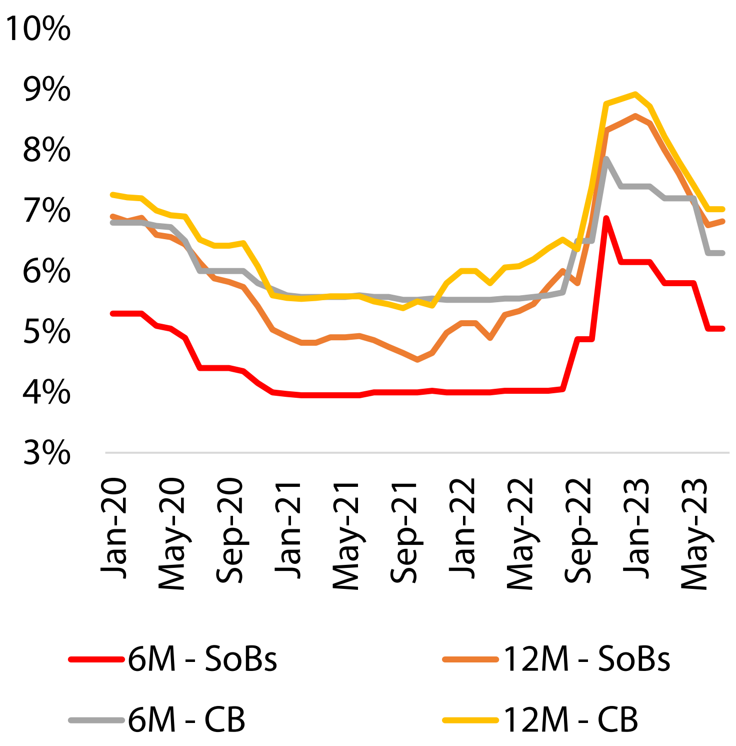
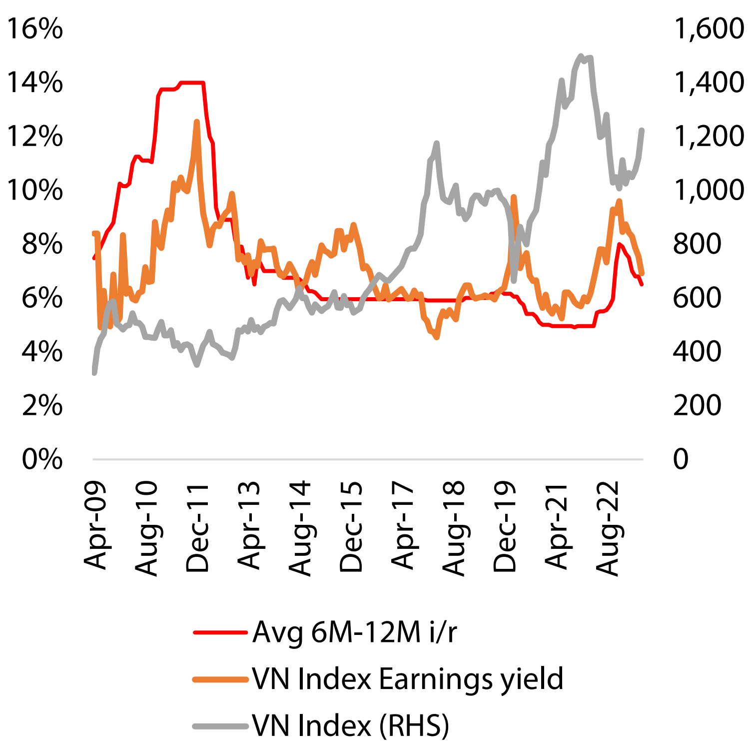



**Figure 6: VN Index's earnings yield is still higher than the 6-12M savings interest rate**

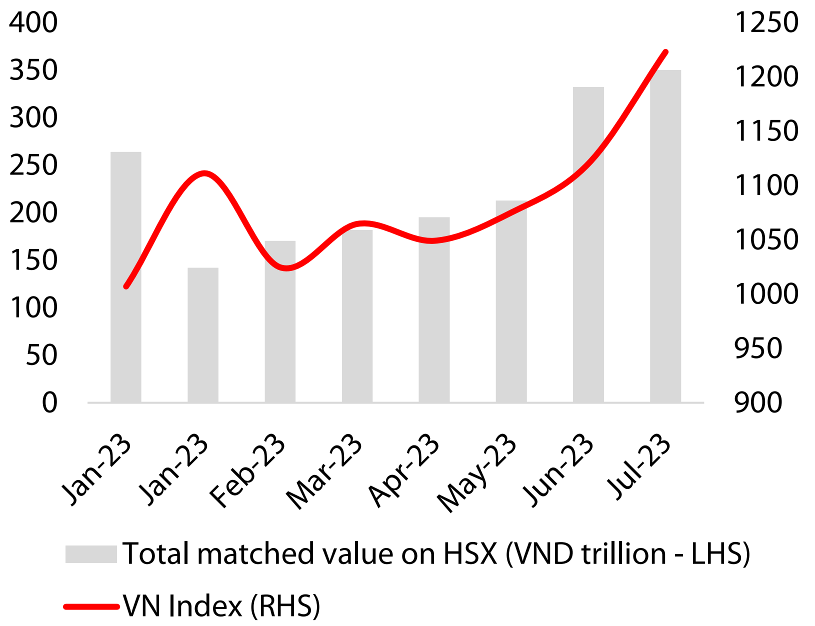



*Source: Fiinpro, RongViet Securities*
*Deposit rates are compiled from 4 state-owned banks, 5 large commercial banks*

# STRONGER CAPITAL FLOW INTO THE STOCK MARKET IS BECOMING INCREASINGLY EVIDENT

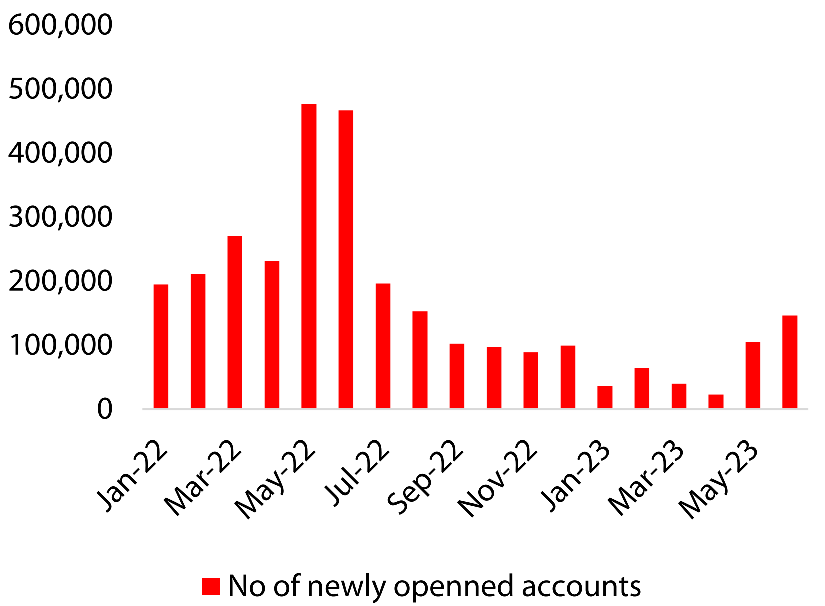
- The number of new accounts opened and investor's cash balance at securities companies started to pick up.
- In the past, a low interest rate environment, along with muted performance of other investment alternatives, strongly supported the bull market. As long as interest rates remain low (or even lower), we believe these figures will keep raising at least in 2H-2023.

**Figure 7: The effect of capital flow shifting into the stock market is becoming increasingly evident**



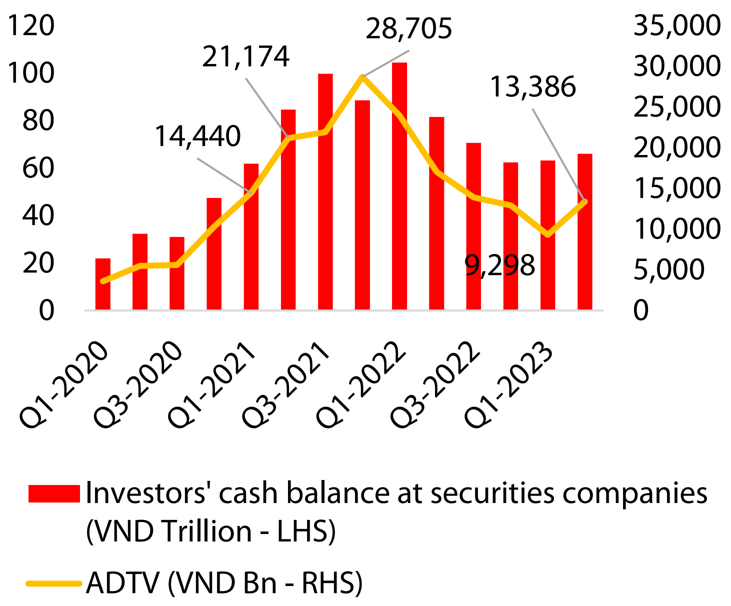

*Source: Fiinpro, RongViet Securities*

**Figure 8: The number of newly opened securities accounts has picked up again**




*Source: VSD, RongViet Securities*

**Figure 9: The investor's cash balance at the securities companies (in VND trillion)**



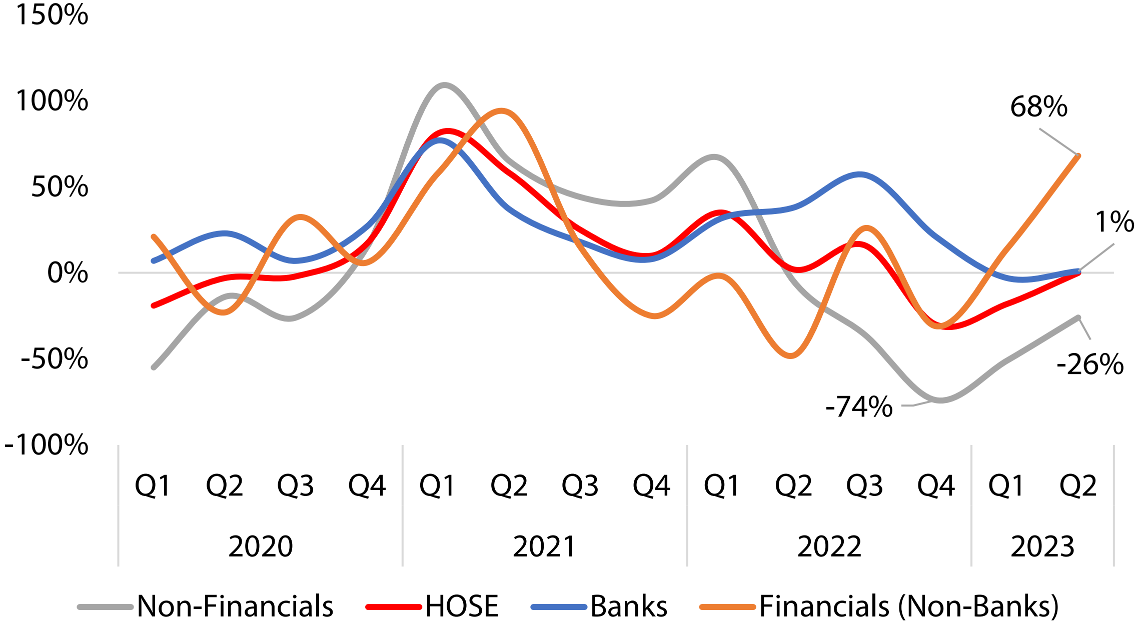

*Source: Fiinpro, RongViet Securities*

# EARNINGS GROWTH IS GRADUALLY IMPROVING



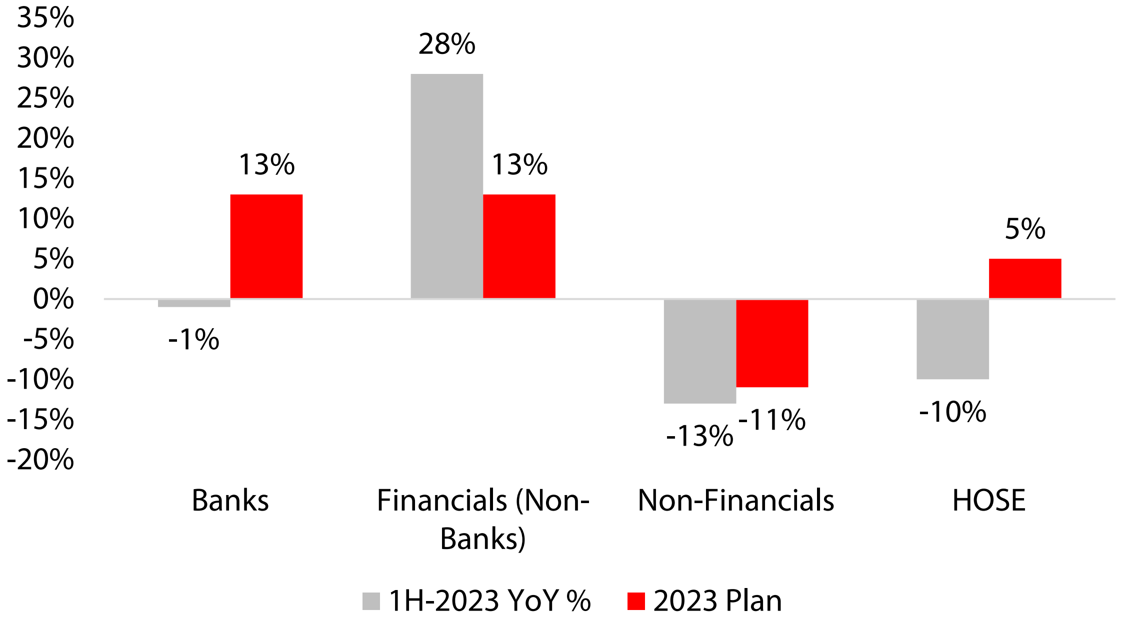
- **The growth trend has become less negative.** Q2-2023 net profit on HSX remained flat compared to the same period (-0.2% YoY), after decreasing -30% YoY and -18% YoY in the previous two quarters. This trend is highly driven by the Financial sector (excluding banks) with a +68% YoY growth, thanks to a significant jump of VHM (14.5x YoY).
- **The profit growth of the Banking industry remains low** (+1% YoY) as NIM contracted sharply, due to high funding, costs and weak credit growth, as affected by unfavorable macroeconomic factors. However, the low base of profits in 2H-2022 could significantly improve the growth rate in 2H-2023, bringing the industry closer to its annual profit growth target of 13%.
- **The non-financial sector still experiences a significant decline of -26% YoY,** but the profit growth is recovering following a V-shaped pattern.

**Figure 10: The trend of net profit growth has become less negative**




*Source: Fiinpro, RongViet Securities*

**Figure 11: Net profit growth in 1H-2023 compared to the full-year target**



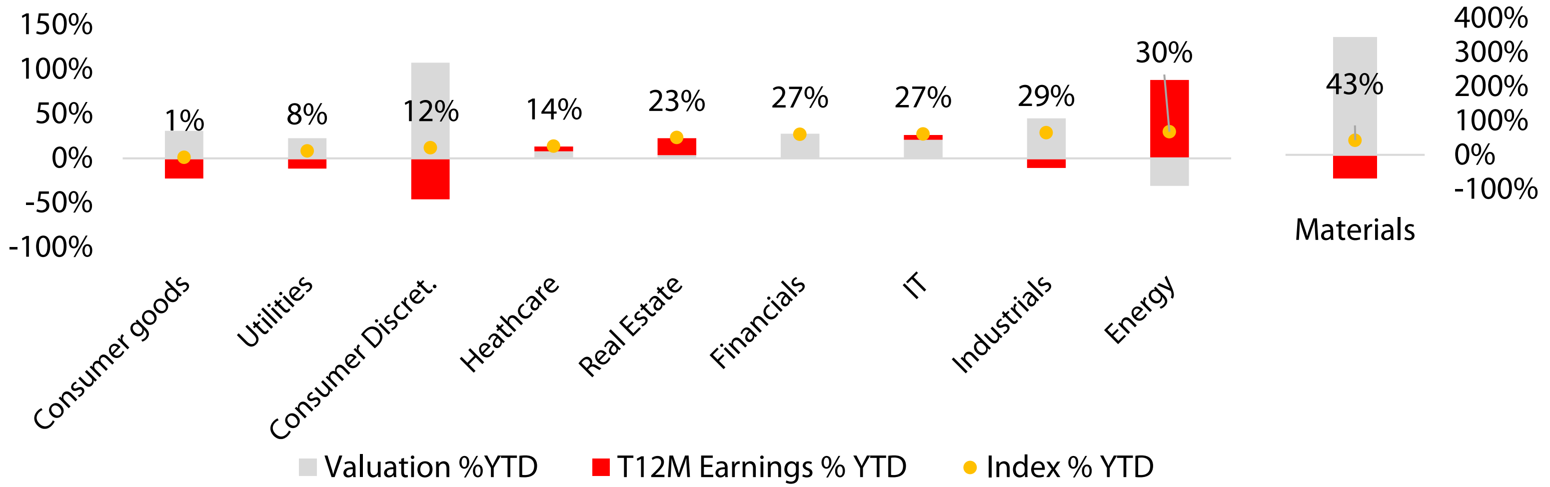

*Source: Fiinpro, RongViet Securities*

# EARNINGS GROWTH IS GRADUALLY IMPROVING

**Figure 12: Net profit growth by industry since Q1-2022**

| Industry | Q1-2022 | Q2-2022 | Q3-2022 | Q4-2022 | Q1-2023 | Q2-2023 |
|---|---|---|---|---|---|---|
| Financials | -2% | -48% | 26% | -31% | 14% | 68% |
| Industrials | 63% | 5% | 47% | -40% | -58% | 32% |
| Healthcare | 26% | 16% | 37% | 28% | 30% | 8% |
| IT | 55% | 39% | 25% | -9% | 3% | 7% |
| Banks | 32% | 38% | 57% | 21% | -3% | 1% |
| Consumer Services | -93% | -56% | -55% | -375% | -296% | -2% |
| Consumer Goods | 41% | 19% | 24% | -77% | -48% | -25% |
| Utilities | 54% | 60% | 9% | 50% | -5% | -26% |
| Materials | 48% | -40% | -101% | -108% | -84% | -72% |
| Oil&Gas | -66% | -106% | -54% | 90% | 266% | -1178% |

**Figure 13: T12M net profit growth, vs YTD valuation changes and industry index**




*Source: Fiinpro, RongViet Securities*

- **The industrials and consumer services industries are recovering fast in terms of growth** (after a sharp decline in Q1-2022). Specifically, the growth rate of the Industrial sector is mainly driven by companies such as GMD, HBC, GEX thanks to significant profits from financial activities. **As for the Consumer Services**, VJC and HVN have shown good recovery in net profit compared to the same period, although MWG's net profit decreased by 98% YoY.
- **Healthcare industry slows down in Q2-2023** since DHG and TRA recorded growth rates of 12% YoY and -4% YoY respectively, although IMP and DBD posted high growth rates of 71% YoY and 21% YoY, respectively.
- **IT shows slight improvement in growth rate** mainly thanks to FPT (+21% YoY) with growth momentum coming from the software export segment, while CMG experienced a significant slowdown (+5% YoY).
- **Consumer goods is recovering at a relatively slow pace**, influenced by SAB (-30% YoY), VHC (-48% YoY), PNJ (-8% YoY), while VNM maintains single-digit growth (6% YoY).
- Similarly, **Materials industry recovers slowly** in this quarter when steel, fertilizer, and chemical companies have experienced significant declines (-40% to -70% YoY), not to mention the loss-making companies in this quarter.

**Figure 14: Industry indices' P/E valuation**

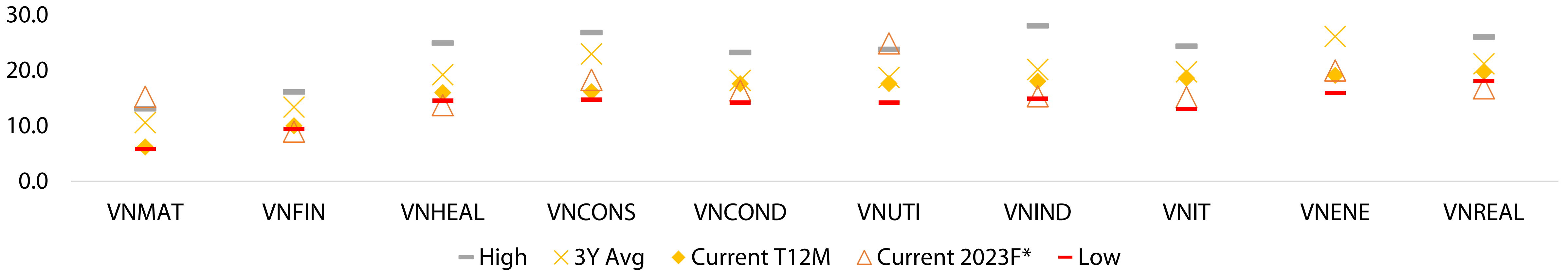
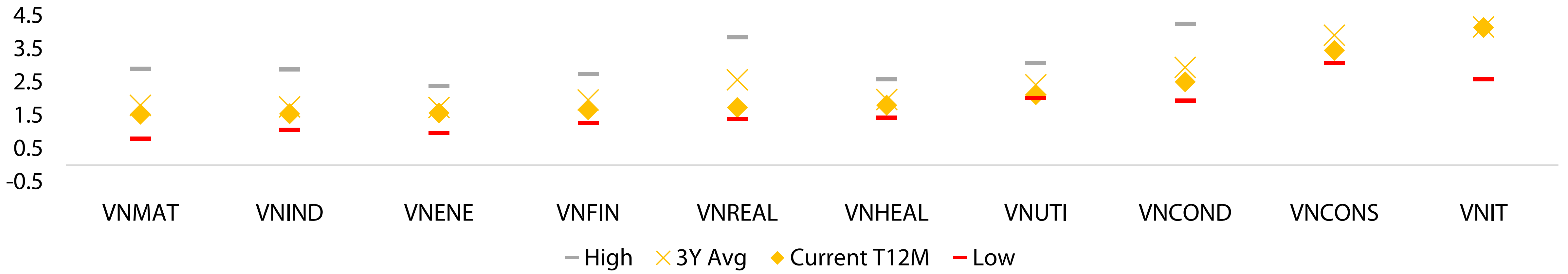



**Figure 15: Industry indices' P/B valuation**

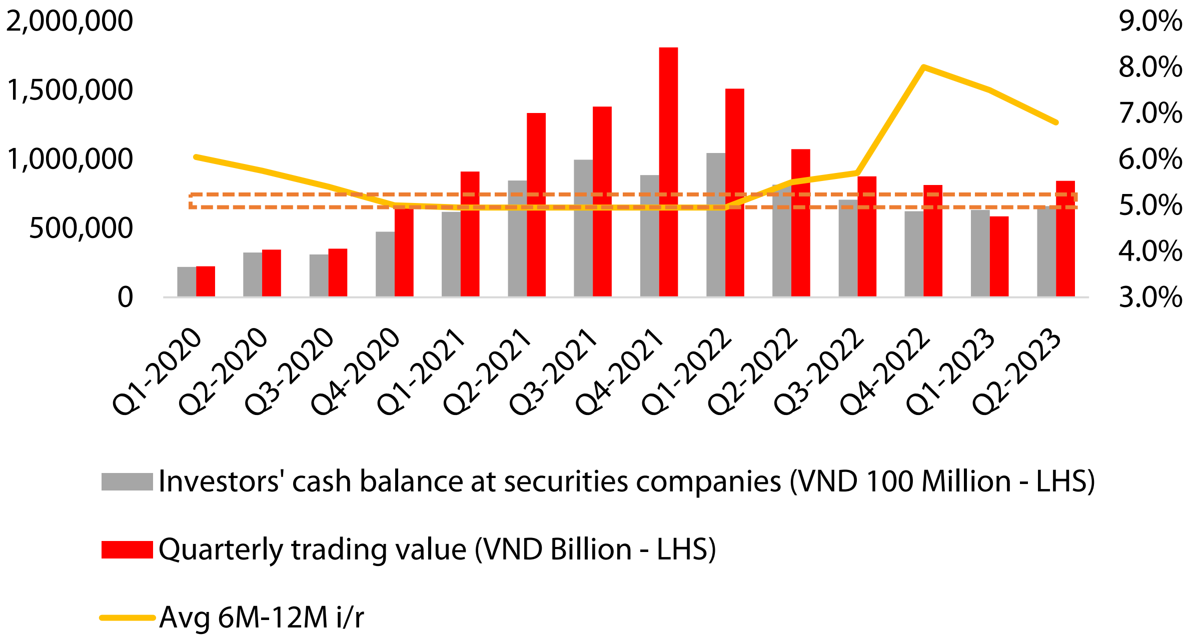



*Source: Fiinpro, RongViet Securities*

**We expect the VN Index to fluctuate in the range of 1,180 - 1,320 for the remaining of the year with the following main assumptions:**

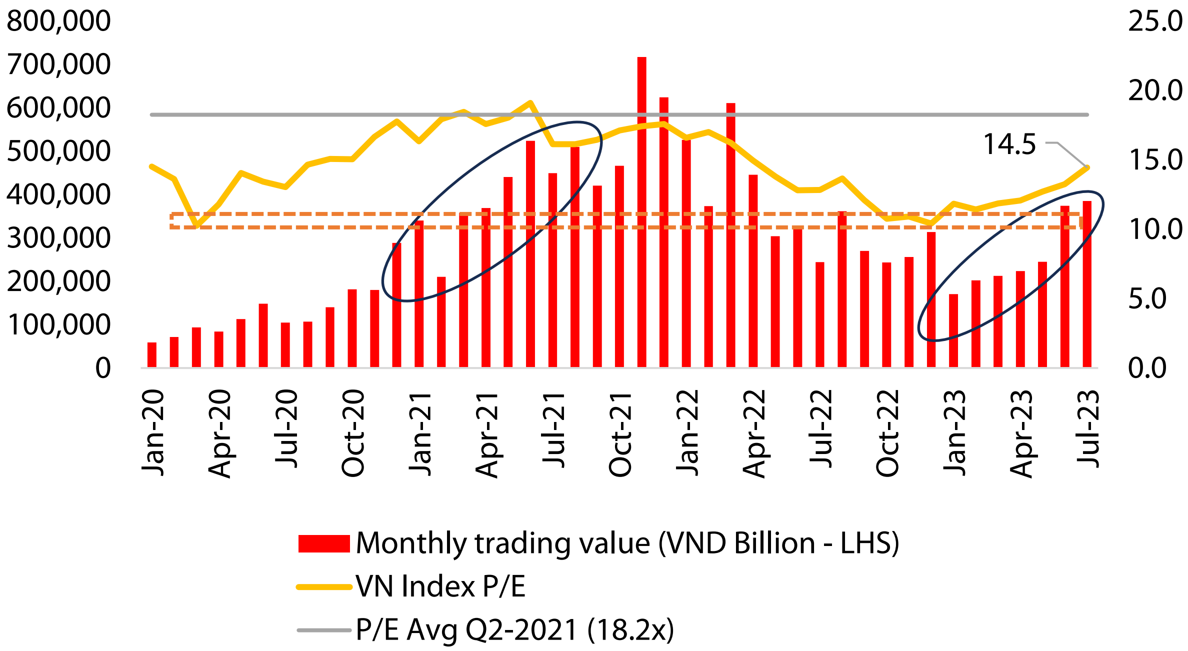
- **Average liquidity:** We expect that retail investors' cash balance at securities comps to reach around VND 75-80 trillion, increasing by 10-20 trillion VND compared to the end of Q2-2023. Consequently, the ADTV is forecasted to fluctuate around VND 18-20 trillion for the second half of the year. In the best-case scenario, the balance of investor deposits / ADTV could approach VND 85 trillion / VND 21 trillion, respectively, which is the level seen in Q2-2021.
- **P/E valuation ranges from 13x-16x, equivalent to earnings yield of 6.25%-7.6%.** Current valuation of 14.5x is still far below the Q2-2021 average valuation (~18x - the highest valuation in the past three years). Considering the increasing expected ADTV, we believe market valuation should be rerated higher going forward.

**Figure 16: Market liquidity, deposit interest rates, investor deposit scale**




*Source: Fiinpro, RongViet Securities*

**Figure 17: Market valuation and liquidity.**




*Source: Fiinpro, RongViet Securities*

The banking sector is expected to continue being the largest contributor to the VN Index's bull, with supporting factors such as (1) credit will be disbursed more quickly after the significant cut in lending interest rates, (2) the current valuation (P/B: 1.6x) is still lower than the 3-year average (P/B: 1.9x).

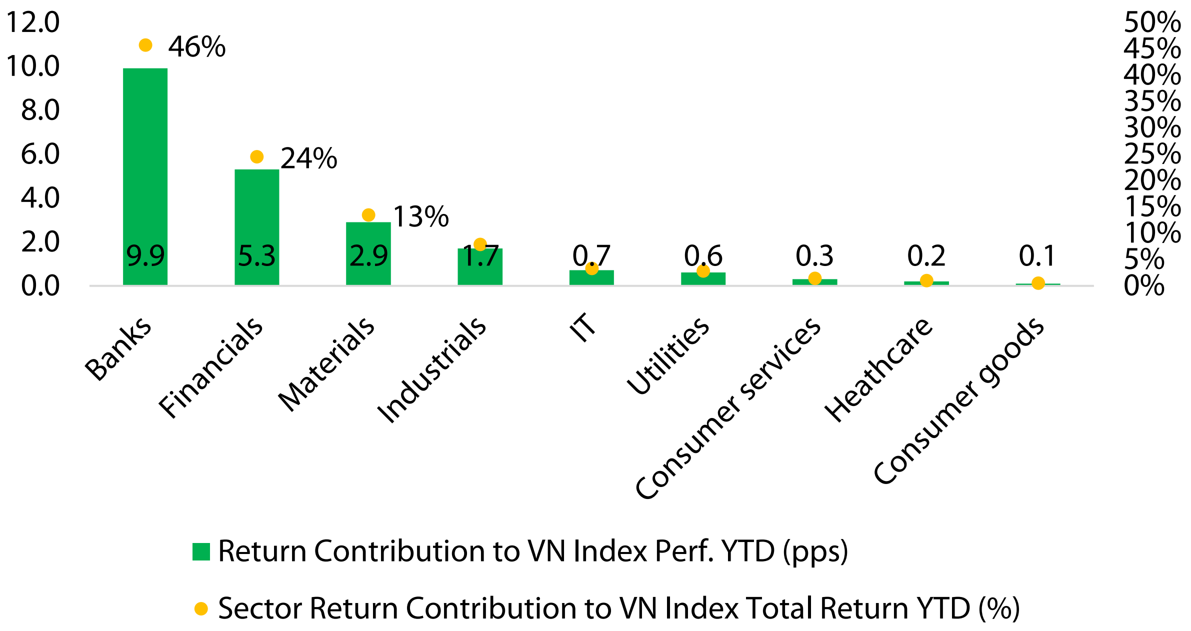
Next, the Industrial and IT Services sector may contribute more to the Index's upside due to improved profit growth in 2H-2023. While the Real Estate sector (under the Financial sector) may be limited in the second half of the year as prices have rallied too strongly compared to the improvement of fundamental factors, the Securities sector will still be a driving force in the market since they directly benefit from larger liquidity and margin lending scale in 2H-2023.

## Figure 18: VN Index sensitivity analysis

| | | | 2023 Earnings growth | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Earnings yield | P/E | -15% | -10% | -5% | 0% | 5% | 10% | 15% |
| P/E | 5.7% | 17.5 | 1,237 | 1,309 | 1,382 | 1,455 | 1,527 | 1,600 | 1,673 |
| | 5.9% | 17.1 | 1,205 | 1,276 | 1,347 | 1,417 | 1,488 | 1,559 | 1,630 |
| | 6.0% | 16.7 | 1,175 | 1,244 | 1,313 | 1,382 | 1,451 | 1,520 | 1,589 |
| | 6.2% | 16.3 | 1,146 | 1,213 | 1,281 | 1,348 | 1,416 | 1,483 | 1,551 |
| | 6.4% | 15.6 | 1,101 | 1,166 | 1,231 | 1,296 | 1,360 | 1,425 | 1,490 |
| | 6.6% | 15.2 | 1,068 | 1,131 | 1,194 | 1,256 | 1,319 | 1,382 | 1,445 |
| | 7.1% | 14.2 | 1,000 | 1,059 | 1,117 | 1,176 | 1,235 | 1,294 | 1,353 |
| | 7.5% | 13.3 | 940 | 995 | 1,050 | 1,106 | 1,161 | 1,216 | 1,271 |
| | 7.7% | 13.1 | 921 | 976 | 1,030 | 1,084 | 1,138 | 1,192 | 1,246 |
| | 7.8% | 12.8 | 904 | 957 | 1,010 | 1,063 | 1,116 | 1,169 | 1,223 |
| | 8.0% | 12.6 | 887 | 939 | 991 | 1,043 | 1,095 | 1,147 | 1,199 |

*Source: RongViet Securities*

## Figure 19: Contribution to YTD VN Index performance by industry

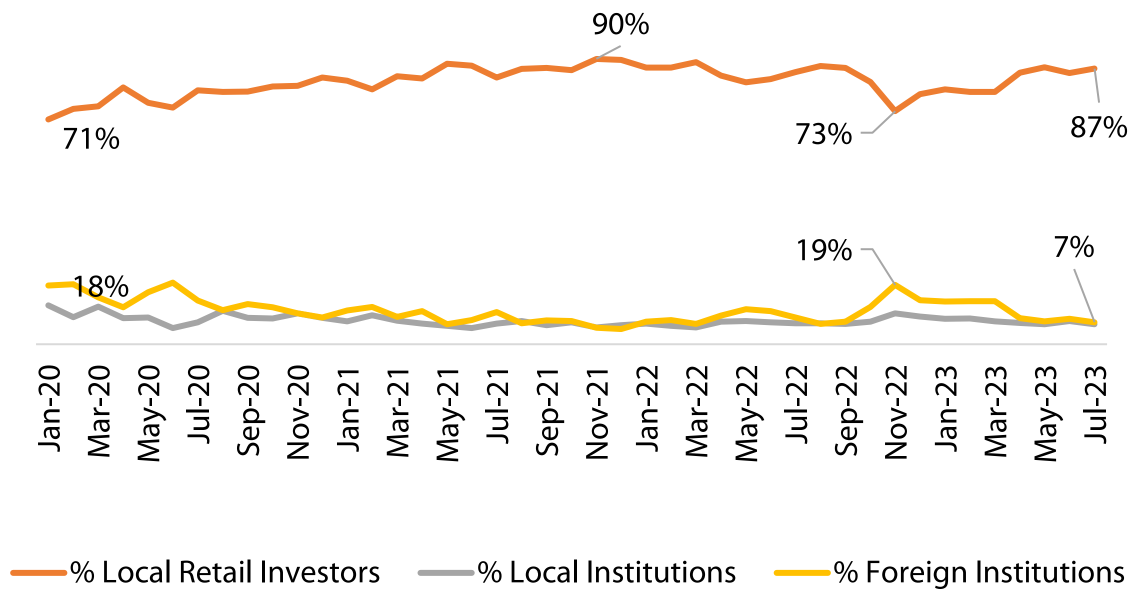



*Source: Fiinpro, RongViet Securities*

**Recent market movements have mainly relied on the effect of capital flow, not on fundamentals.** This driver often causes high market volatility in a short period of time, and is difficult to predict, especially when the participation rate of retail investors is near its peak. The sentiment can change rapidly within a few weeks, indicated by the consecutive weeks of net selling from retail investors.

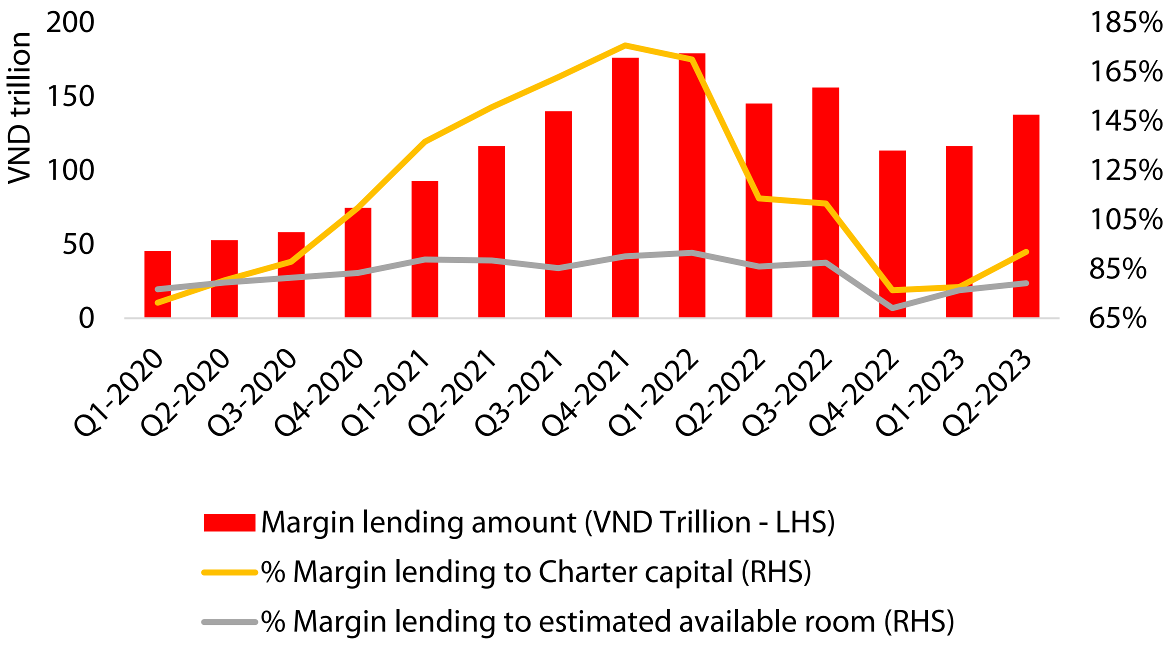
**The margin lending**-to-equity ratio of securities companies and the margin lending sources is still relatively safe. The current margin lending scale is about VND137 trillion, still below the previous peak of about VND180 trillion. With the scale of cash flow and liquidity as expected above and assuming that lending sources do not change much, the margin debt level of 170 trillion or higher may pose a significant risk to the VN Index in the second half of the year.

**Figure 20: The participation rate of local retail investors has picked up**




*Source: Fiinpro, RongViet Securities*

**Figure 21: The margin lending level in the market doesn't seem to be in the warning zone.**

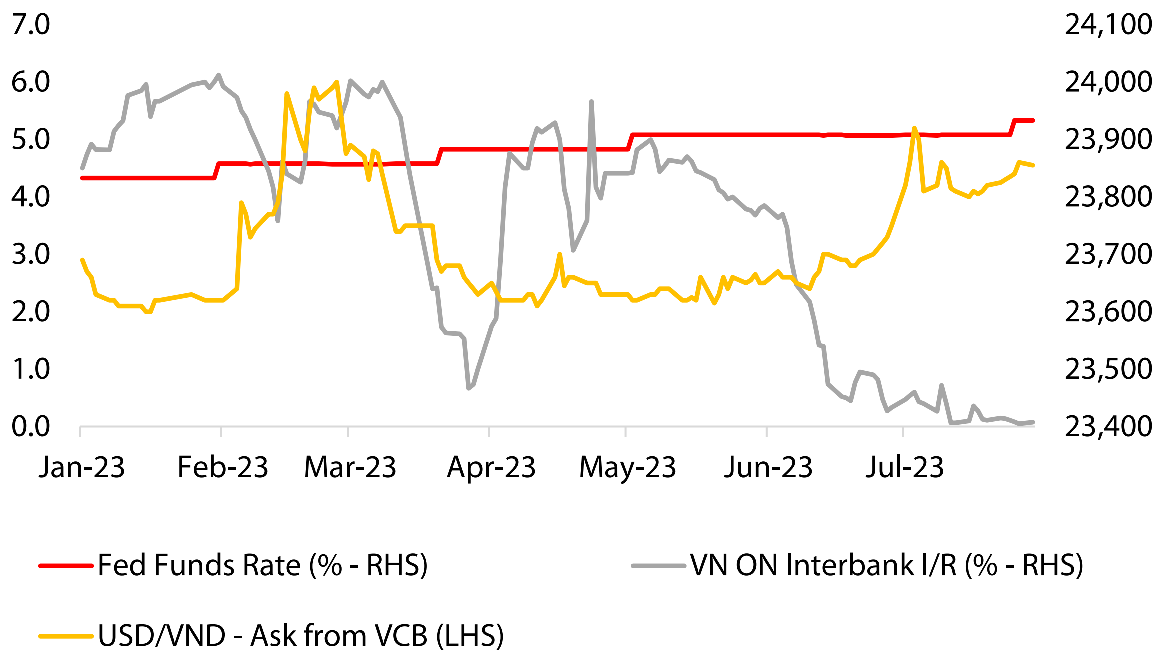



*Source: Fiinpro, RongViet Securities*

**FX rate:** The VND has depreciated against USD significantly due to negative swaps. However, this depreciation range is still under SBV's control given stronger foreign exchange reserves and trade surplus.

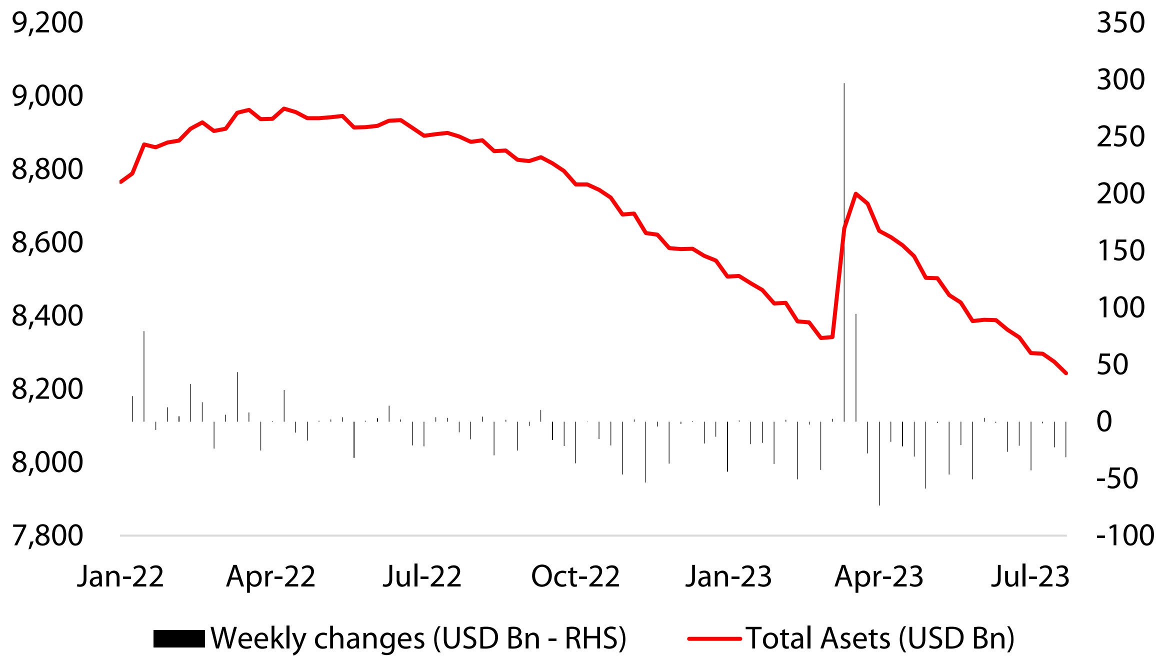
**Banking crisis in the US.** Up to now, failed banks in the US are mostly small scaled, which has not had a significant impact on the US's banking system. As a result, FED continues the process of narrowing down its balance sheet. Any reversals in this process that related to banks failures should be closely watched.

**Figure 22: The differentials between VND and USD overnight interest rate  have put pressure on the exchange rate**




*Source: Bloomberg, RongViet Securities*

**Figure 23: The FED continues to shrink its balance sheet, and the total asset scale is now lower than before the FED pumped money into the system to rescue regional banks in March 2023.**




*Source: Fred, RongViet Securities*

# 2H 2023 STRATEGY & INVESTMENT IDEAS

## FLEXING WITH THE MARKET FLOW

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# FLEXING WITH THE MARKET FLOW

*Market valuation is re-rated following the Government's solutions to stabilize the macro environment and boost economic recovery*

- Most of our concerns at the beginning of the year were basically addressed in the first half of the year: (1) The governors has issued Decrees and Circulars to amend, supplement and suspend a number of articles of Decree 65, Decree 153, Circular 06 on corporate bonds, (2) Money supply improved, interest rates cooled down after a series of decisions from the governors such as a/ Issuing a circular amending Circular 22 on how to calculate LDR, b/ Four consecutive times of reducing the operating interest rates, and c/ Net pumping in the OMO market and buying foreign currency to supplement foreign exchange reserves.
- In the first half of 2023, we recommended that investors take a defensive strategy by limiting the use of financial leverage in securities trading as much as possible. We believe that this is a reasonable strategy for the time being, given that there are still many unpredictable factors in macroeconomic developments both domestically and globally. In addition to allocating part of the portfolio to short-term transactions, we expect investors to have boldly accumulated favorite stocks for long-term investment goals, as recommended in the 2023 strategy report.
- Along with monetary policy, we expect fiscal policy, including increasing basic wages, reducing taxes and fees, and boosting infrastructure investment, will continue to exert positive effects in the second half of the year. Following deposit rates, we expect lending rates will also decrease in the second half of the year. When the risks decrease, the VNIndex will be traded at a premium multiple valuation. Given our assumption that the market's profit growth in 2023 is **0%**, the risk-free interest rate is in the range of **6.3 - 7.0%**, the reasonable range of VN Index will be in the range of **1,180 – 1,320** points.

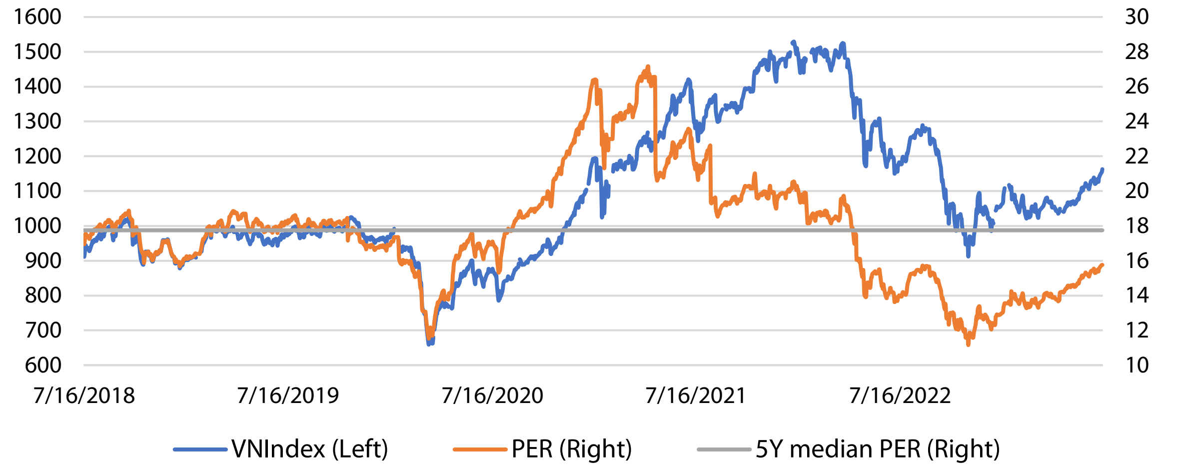
*When short-term risks are temporarily eliminated, investors may consider using margin lending at an appropriate leverage ratio maximum performance of their portfolio.*

- The profitability of buying stocks for long-term investment (holding time of more than one year) has decreased significantly compared to the beginning of the year. In other words, we think that the good stock picking and timing are two factors that are more crucial for achieving a decent return.
- In the past, in the bull market where investor sentiment is over-excited and almost no defenses, VN Index may trade at a P/E multiple above **16.x** , which is over **1320** points at this time. However, data indicates that the stock market's long-term return will **gradually reduce** to 0% while the index moves to this range. As a result, we believe that investors should consider increase cash and reduce stocks in your portfolio.

*The market is facing both downside risk and upside risk, which means it is outside the reasonable 1180-1320, in our opinion. Therefore, the buying-selling strategy needs to be flexible according to cash flow movements to optimize investment efficiency.*

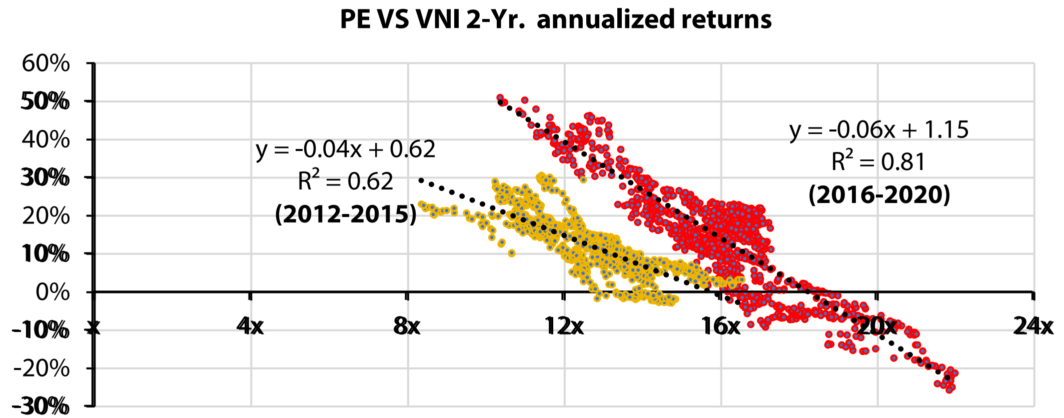
- *Downside risk*. Possible causes for the market to correct sharply include (1) the escalating war between Russia and Ukraine, (2) The global economy, including Vietnam, is actually recovering very slowly compared to expectations. If this trend does not change clearly in the second half of 2023-2024, the growth of market profits may disappoint investors. We believe that this is the risk with the highest probability, and (3) The collapse of the corporate bond market, which is being pushed back temporarily into future years.
- *Risk of price increase*. During periods of expansionary monetary policy, the optimism of investors can bring the market valuation to 18.x - 20.x, which means VNIndex can increase by **13-15%** from 1200 points. In this range, we recommend that investors increase cash holdings.

**Figure 1: In terms of points, market still has room to grow**



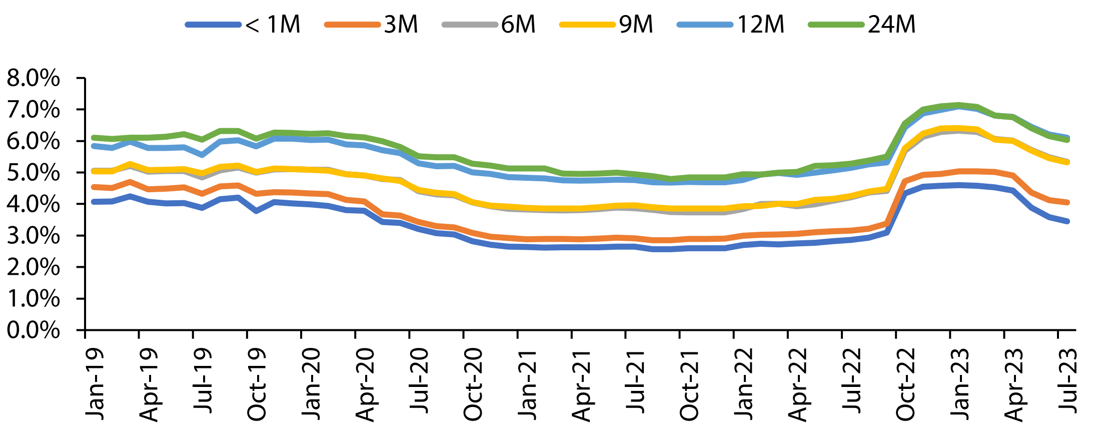

*Source: Bloomberg, RongViet Securities*

**Figure 2: At P/Es above 17.x, efficiency for long-term investment diminishes or performance must be enhanced by rising market size.**



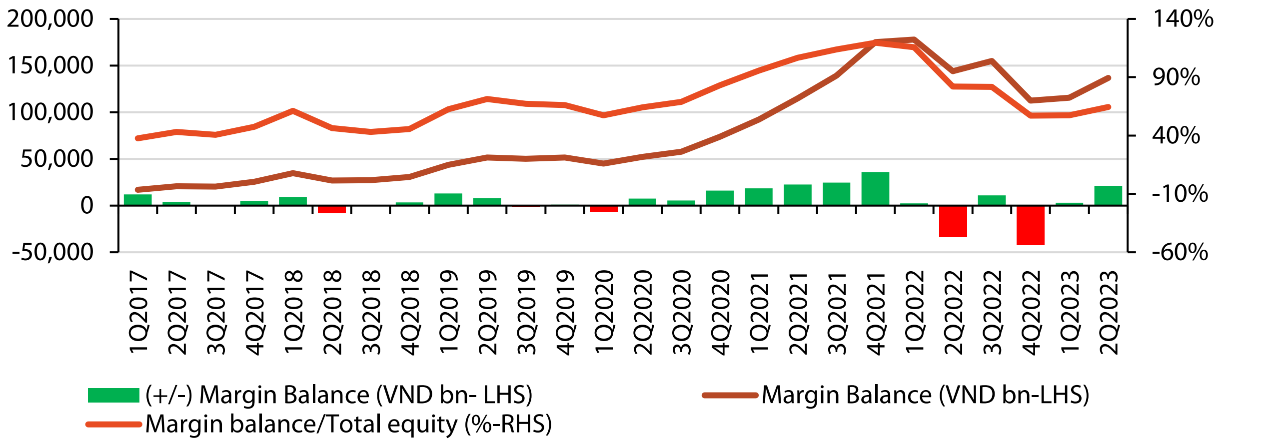

*Source: Bloomberg, RongViet Securities*

**Figure 3: Deposit rates have fallen sharply (125-150 basis points) from the peak set in Q4/2023**



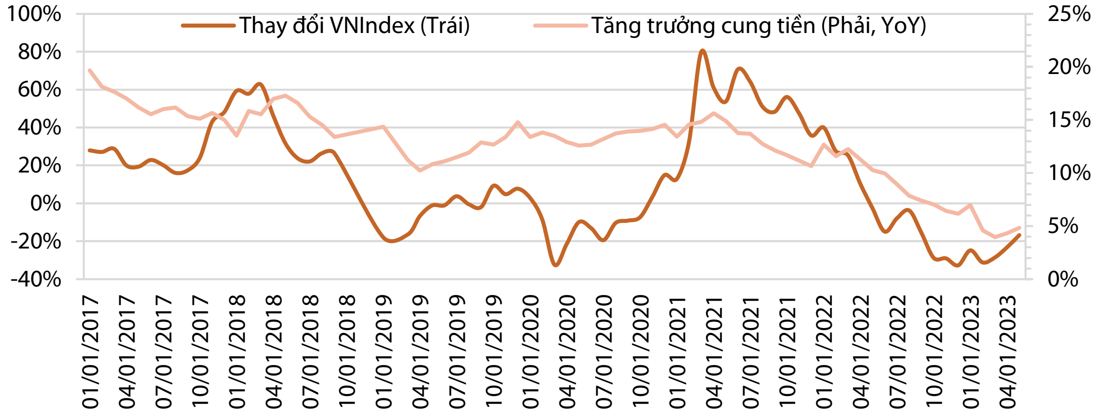

*Source: RongViet Securities compiled from 4 SOCBs, 4 joint stock commercial banks and 4 foreign banks*

**Figure 4: Margin balance increased rapidly in the second quarter of 2023 but still in the safe ratio level**



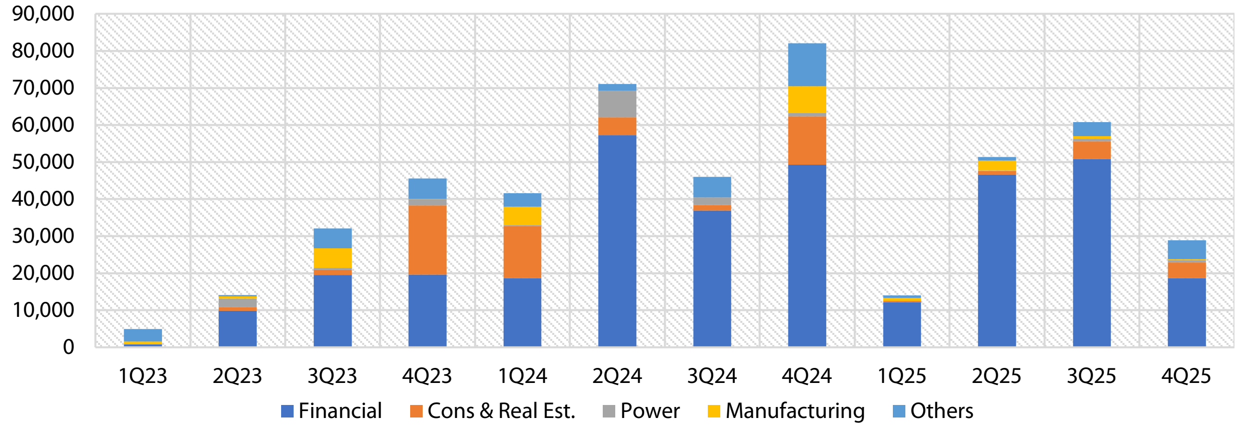

*Source: FiinPro, RongViet Securities*

**Figure 5: Correlation between VNIndex and money supply growth**




*Source: FiinPro, RongViet Securities*

**Figure 6: Bond maturity pressure is shifted to 2024**



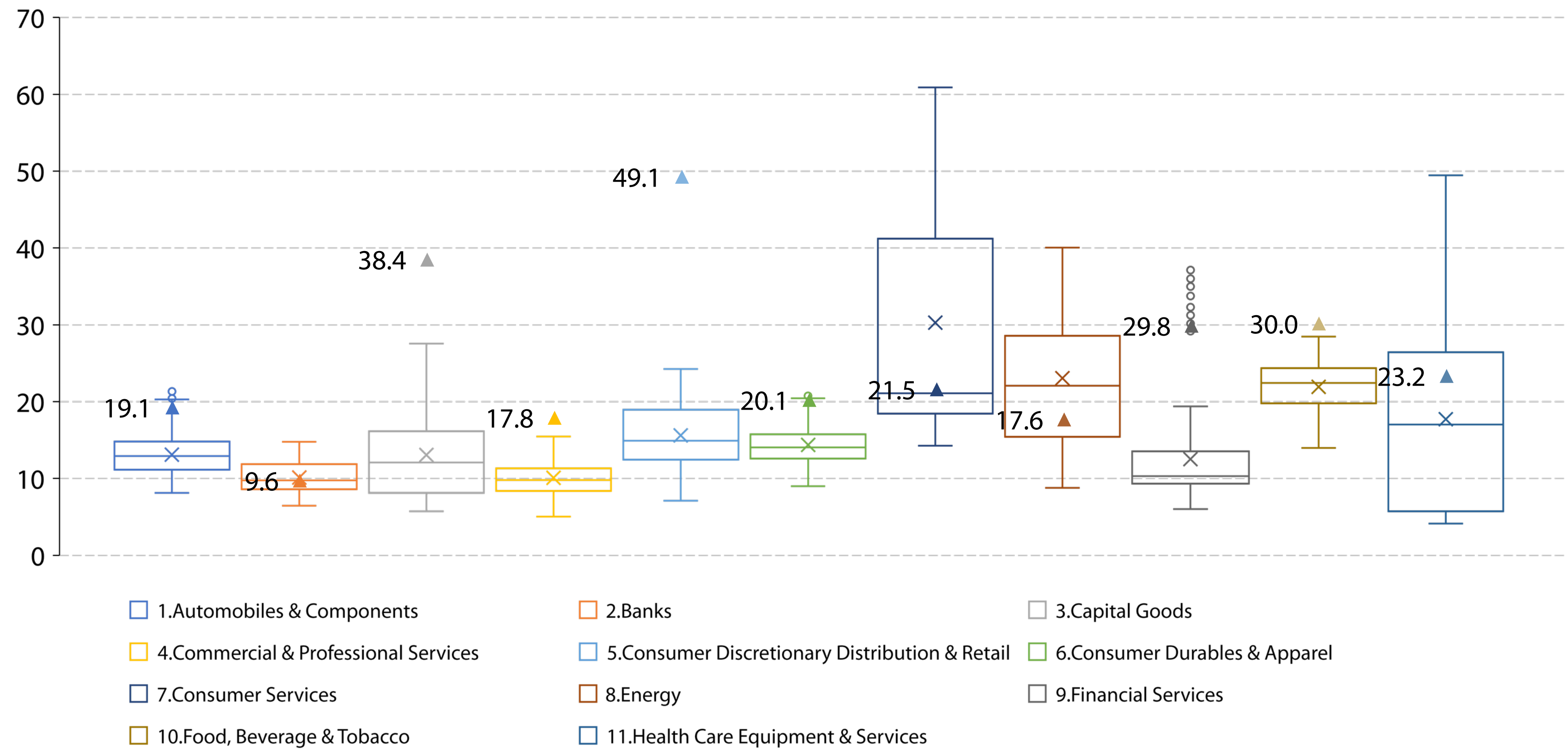

*Source: VBAM, FiinPro, RongViet Securities*

# DISBURSEMENT TIME AND STOCK SELECTION FOR BEST PERFORMANCE

**Figure 7: Overall market profits generally bottomed out in Q4 2022 and Q1 2023.**


- Sectors such as financial services, energy, transportation, real estate and insurance have seen a clear recovery in profits.
- Energy, software services, pharmaceuticals and banking are the industries that have maintained a fairly stable profit growth trend. However, the banking industry's profit growth rate has slowed significantly over the past two quarters as most of profit growth's drivers have weakened.
- Household goods, consumer durables, auto parts, trade, commodities and retail distribution with earnings are still on a downward trend.

**Figure 8: Meanwhile, the P/E valuation (4-quarter trailing, TTM) of most industry groups is higher than the median P/E over the past three years. This indicates that the market is paying a high P/E premium, not just for dividends or EPS, in anticipation of strong earnings growth in the coming quarters.**

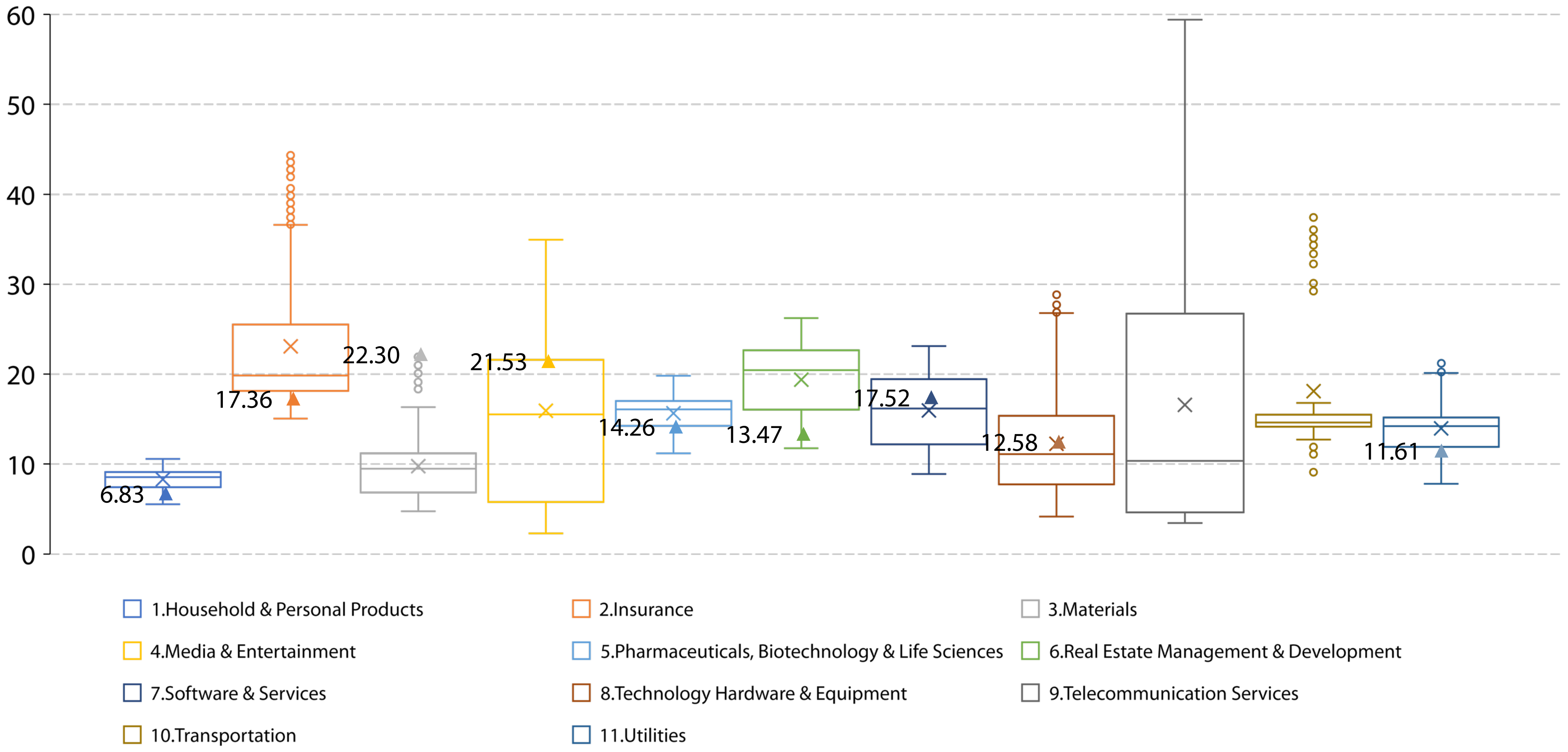



*Source: Bloomberg, FiinPro, RongViet Securities| Data as of 31/07/2023, the recent 4-quarter trailing EPS*

**15/22 industry groups are being traded at a P/E that is higher than the average PE of the last 3 years.**

Banking, Pharmaceuticals, Insurance, Utilities, and Personal & Household Goods are the industries that trade at P/E levels in line with the P/E volatility over the past three years.

**Figure 9: Meanwhile, the P/E valuation (4-quarter trailing, TTM) of most industry groups is higher than the median P/E over the past three years. This indicates that the market is paying a high P/E premium, not just for dividends or EPS, in anticipation of strong earnings growth in the coming quarters.**




*Source: Bloomberg, FiinPro, RongViet Securities| Data as of 31/07/2023, the recent 4-quarter trailing EPS*

9/22 groups of industries with current P/E are outside the trading range in the last 3 years, including Automobile & Spareparts, Commodities, Trade and Services, Retail, Consumer durables, Financial services, Beverages, Materials, Entertainment, and Telecommunications. Due to HVN's influence, the Transportation sector saw abnormal trend.

Because of HVN, the overall Transportation industry's profit was negative. Excluding this impact, industry profit has grown positively.

# DISBURSEMENT TIME AND STOCK SELECTION FOR BEST PERFORMANCE

- According to our coverage list, the 54-stock portfolio's total NPAT-MI is expected to increase by only 1% in 2023, but by observing the trend, it is clear that Q4 2022 and 6M2023 represent the bottom of the profit cycle. With the exception of Energy and Transportation, most industries see better growth in 2H 2023.
- The sectors with positive earnings growth are also those that are significantly more expensive than the three-year average, such as Distribution and Retail, Capital goods, Materials, and Consumer durables.
- Automobile & Spareparts, Software Services, Banks, Pharmaceuticals, Real Estate (IP) and Utilities are the industries that we believe are likely to improve P/E ratio in the near future if these sectors keep maintaining a positive earnings trend as we forecast.

**Figure 10: Quarterly change in accumulated profits over four consecutive quarters of the industry groups we follow (Unit: %)**

| TTM, QoQ change (%) | Q1 2022 | Q2 2022 | H2 2022 | Q1 2023 | Q2 2023 | H2 2023 | FY 2022 change | FY 2023 change | Cur. PER (x) | 3Y Median PER (x) |
|---|---|---|---|---|---|---|---|---|---|---|
| Consumer Discretionary Distribution & Retail | 4.3 | 0.1 | -17.7 | 4.3 | -21.1 | 28.4 | -21.1 | -55.8 | 49.1 | 228.9 |
| Capital Goods | 7.0 | 7.9 | 1.5 | 8.6 | -6.5 | 19.0 | -6.5 | 4.0 | 38.4 | 217.1 |
| Materials | 8.8 | -12.7 | -60.8 | -32.9 | -41.6 | 1086.3 | -41.6 | -17.0 | 22.3 | 134.7 |
| Automobiles & Components | 0.7 | -7.7 | 14.0 | 16.0 | -1.8 | 17.7 | -1.8 | -10.2 | 19.1 | 48.1 |
| Consumer Durables & Apparel | 11.3 | 5.8 | 18.5 | 20.2 | -1.4 | 4.8 | -1.4 | -5.0 | 20.1 | 43.3 |
| Food, Beverage & Tobacco | 7.1 | 0.0 | -32.7 | -4.5 | -29.5 | 4.6 | -29.5 | -14.2 | 30.0 | 33.8 |
| Software & Services | 7.6 | 5.5 | 7.4 | 6.5 | 0.8 | 10.6 | 0.8 | 20.7 | 17.5 | 8.2 |
| Banks | 7.9 | 8.5 | 14.1 | 9.3 | 4.4 | 3.4 | 4.4 | 2.6 | 9.6 | -1.3 |
| Pharmaceuticals, Biotechnology | -7.7 | 0.2 | 23.2 | 10.8 | 11.2 | 12.8 | 11.2 | 50.1 | 14.3 | -11.3 |
| Utilities | 10.7 | 2.3 | -9.8 | -4.0 | -6.0 | -8.3 | -6.0 | -15.5 | 11.6 | -18.3 |
| Energy | 10.5 | -17.2 | 23.6 | 4.0 | 18.9 | -6.5 | 18.9 | 37.0 | 17.6 | -20.4 |
| Real Estate Management & Development | -9.4 | -10.7 | 23.7 | 45.2 | -14.8 | 9.9 | -14.8 | 34.8 | 13.5 | -34.1 |
| Transportation | 13.2 | 85.2 | 79.0 | 63.1 | 9.8 | -5.8 | 9.8 | 9.7 | -38.7 | -365.0 |
| **Our coverage** | **7.7** | **3.3** | **-3.5** | **2.3** | **-5.7** | **10.3** | **-5.7** | **0.8** | **N.a** | **N.a** |

*Source: Bloomberg, FiinPro, RongViet Securities| Data as of 31/07/2023, the recent 4-quarter trailing EPS*

# 2H 2023 INVESTMENT THEMES

2H 2023 investment themes

## INFRASTRUCTURE

- Public investment disbursements, mainly in infrastructure packages, started to rise sharply in Q2. We expect this disbursement rate to be maintained in 2H 2023 and to increase strongly over the same period.

- Nine infrastructure projects, with a combined investment over USD 17 bn for the period 2023-2027 that have been, are and will be implemented in 2023.

- Interested industries: Infrastructure construction, Electrical construction, Building material.

- Stocks to watch are REE, IJC (Non-rated)

## CONSUMPTION

- Consumer confidence expected to improve following interest rate cuts and fiscal stimulus packages.

- Disbursement of infrastructure investments will have indirect spillovers, plus effects from direct fiscal packages (base salary rise and fee reduction).

- Interested industries: Manufacturing and consumer services, Retail, Information technology, Banking, Residential real estate

- Favorite stocks: MSN, VNM, QNS, MWG, HAX, FPT, VCB, ACB, BID, MBB, TCB, VPB, KDH, NLG

## WORLD ECONOMY RECOVERY

- The China + 1 trend is still going on

- US Consumer Confidence Index is inching, while inventories of nondurable goods are dwindling

- PMI needs to recover and stabilize above 50 points to ensure a trend reversal in Vietnam's import and export activities.

- Monitor the PMI index to assess the turnaround scenario in Vietnam's import and export activities.

- Industries of interest: Seafood, Textiles, Agricultural products, Industrial parks

- Favorite stocks: FMC, STK, LHG, KBC, NTC and SIP.

## DEFENSIVE SECTORS

- These sectors can maintain positive earnings growth for many consecutive periods. PE valuations remain within a reasonable buy-and-hold range.

- Interested industries: Pharmacy, Utilities, Energy

- Favorite stocks: DBD, PGV, BWE, QTP

**Figure 11: Fiscal policy will be the driving force in the short and long term**

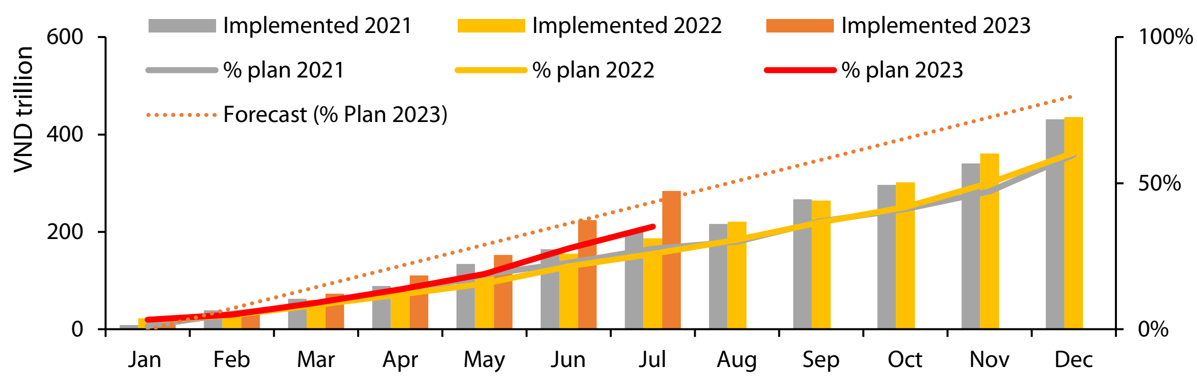
## Monetary policy

- Bonds: Extend the repayment period, allowing the issuer to use other legal assets to repay principal and interest.
- Credit institutions are allowed to roll over debt and keep the same group of debt.
- Banks could redeem unlisted corporate bonds issued before Dec 31, 2023.
- Banks offer preferential credit packages.
- Lower home loan interest rates.

## Fiscal Policy

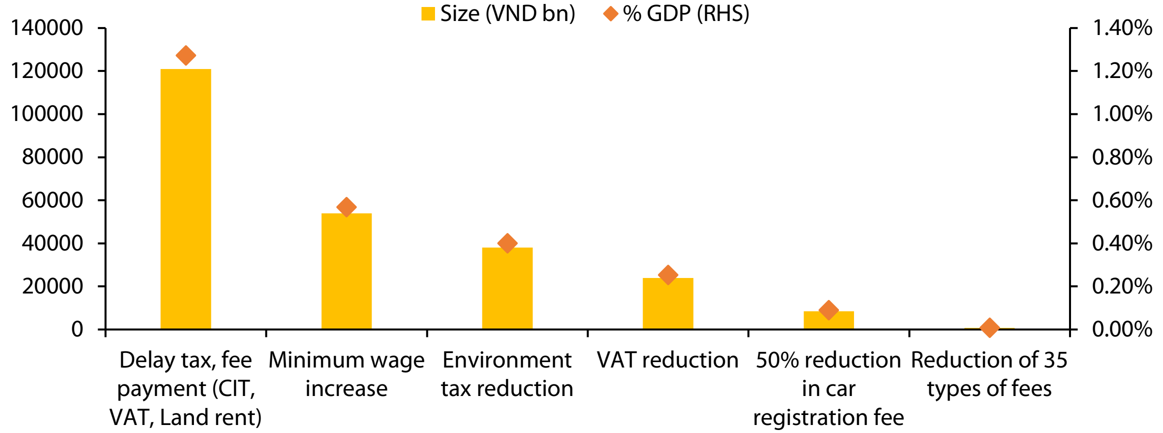
- Extension of the deadline for tax and land rent payment to 2023-end.
- 2 points VAT rate reduction, except for some industries.
- 50% reduction in registration tax for domestically produced cars.
- Public investment acceleration.
- Finding solutions to eliminate difficulties for the real estate market, promoting the program of construction of social housing.
- Providing LUR for Resort Resorts and Condotel
- Approving the specific mechanism for HCMC
- Correction of land law, housing law, and real estate business law

**Figure 12: The breakthrough in public investment disbursements in Q2/2023 will set the stage for a stronger acceleration of public investment in 2H 2023.**




*Source: Ministry of Finance, RongViet Securities*

**Figure 13: Fiscal stimulus packages with a total size of ~2.6% of GDP have been implemented in 2023. In particular, increasing basic salary, reducing VAT and reducing fees, charges and registration fees will help improve demand.**



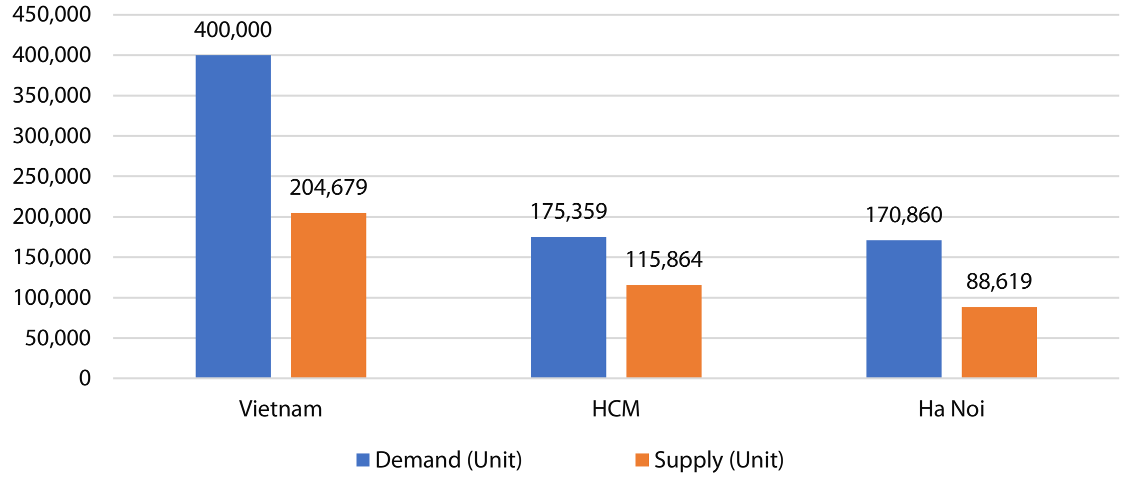

*Source: Ministry of Finance, RongViet Securities*

**Figure 14: Deploying sub – projects of the National Expressway system**

| Sub-projects | Length (km) | Capex (VND bn) | Kicked of | Completed by |
|---|---|---|---|---|
| The North South Expressway Phase 2 (2021-2025) | 721 | 146,986 | 01/01/2023 | 2025 |
| Chau Đoc – Soc Trang – Can Thơ | 189 | 44,691 | 17/06/2023 | 2027 |
| Khanh Hoa – Buon Ma Thuot | 118 | 21,935 | 18/06/2023 | 2027 |
| Bien Hoa – Vung Tau | 54 | 17,837 | 18/06/2023 | 2026 |
| HCM City 's Ring road 3 | 76 | 75,378 | 17/06/2023 | 2026 |
| Ha Noi 's Ring road 4 | 113 | 85,813 | 25/06/2023 | 2027 |
| Ho Chi Minh Road | 164 | 9,965 | 2H23 | 2025-26 |
| Dai Ngai Bridge | 15 | 8,010 | 2H23 | 2026 |
| An Huu - Cao Lanh | 27 | 5,880 | 25/06/2023 | 2025 |

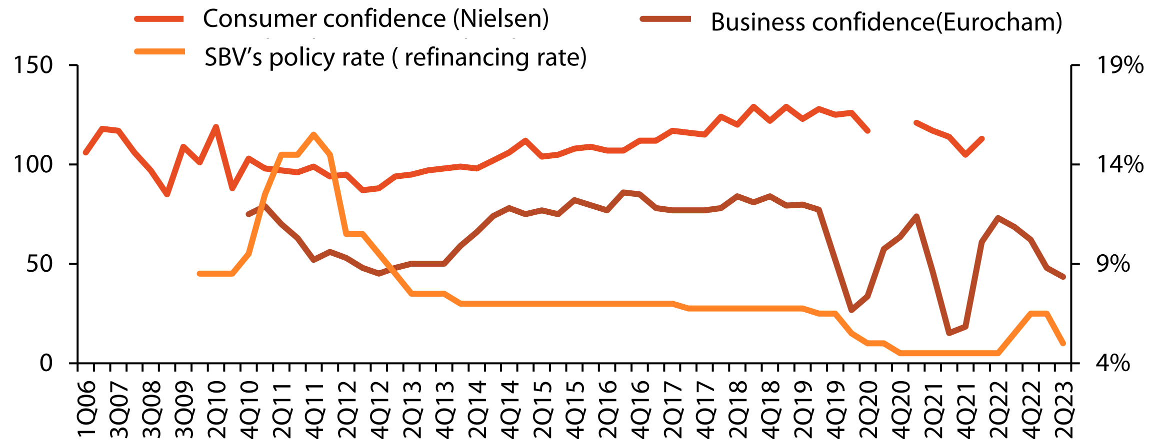
*Source: MT, RongViet Securites*

**Figure 15: In the period 2024 - 2026, it is estimated that Vietnam will witness a shortage of195,000 apartments, mainly in Ho Chi Minh City and Hanoi**



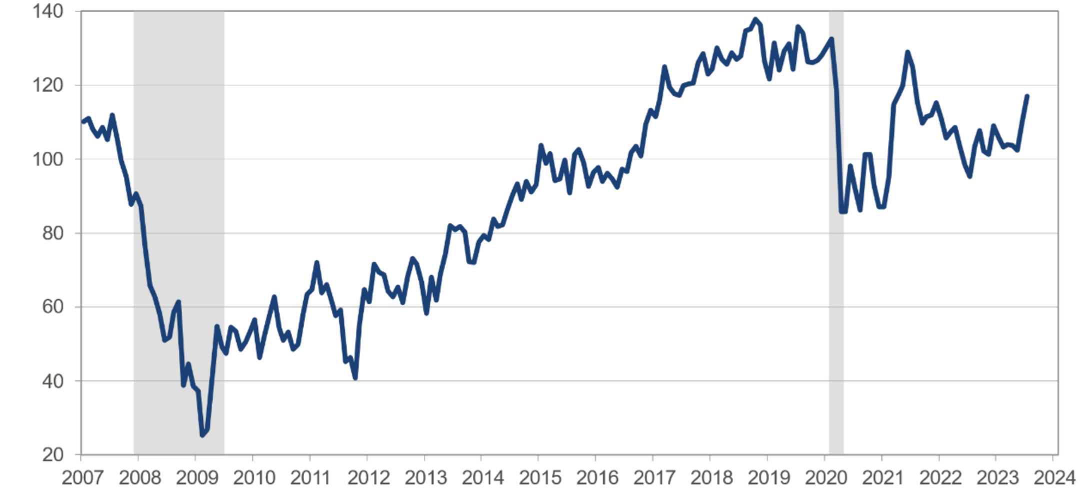

*Source: RongViet Securites, Savills*

**Figure 16: SBV executed easing policies until business and consumer confidence show a recover signal in the past**



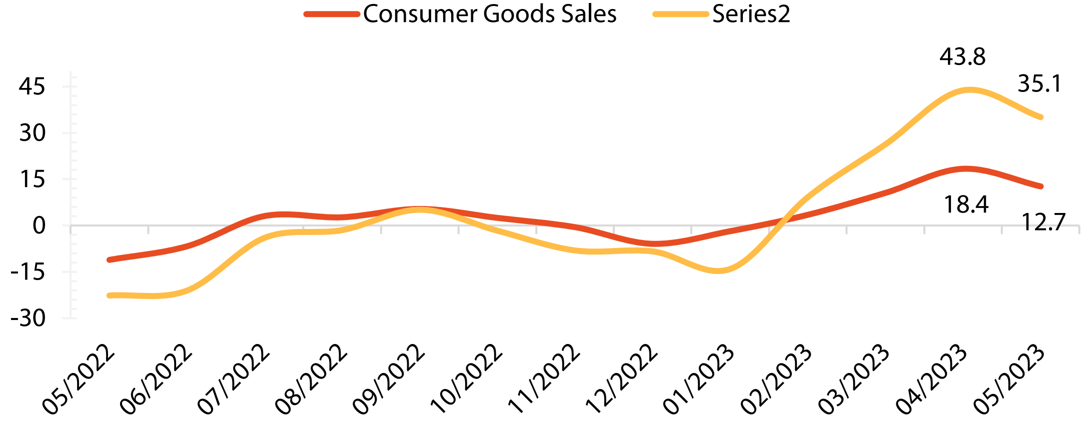

*Source: SBV, Nielsen, Eurocham, RongViet Securites*

**Figure 17: The US consumer confidence index has improved slightly since July 2023**



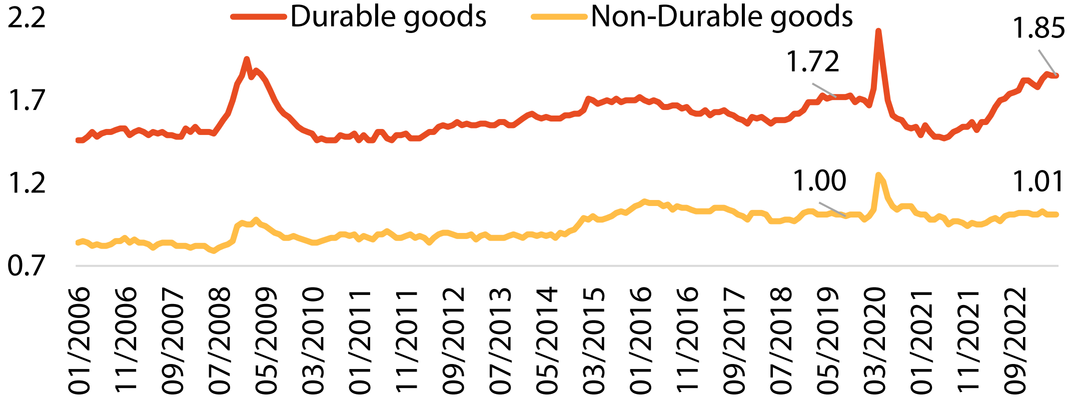

*Shaded areas represent periods of recession.
Sources: The Conference Board; NBER

**Figure 18: Consumption in China is recovering well and expected to maintain double-digit growth (% YoY)**



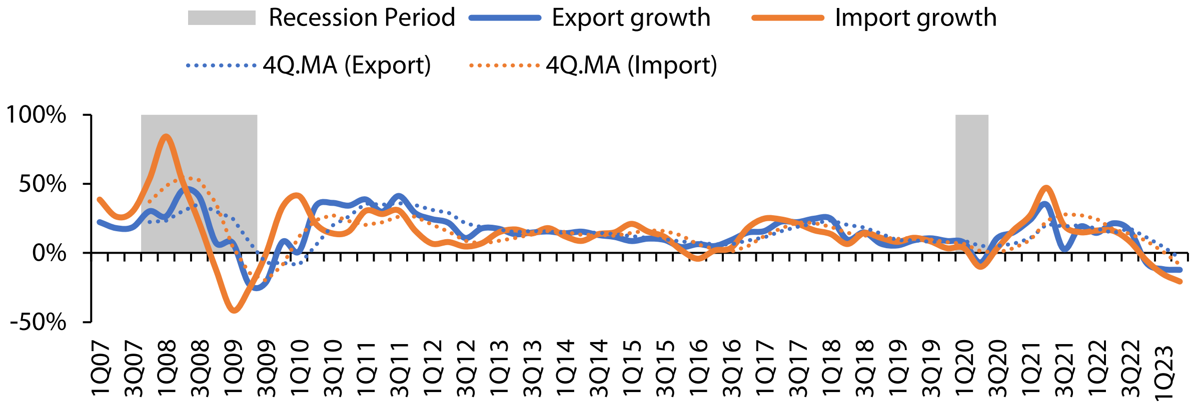

*Source: China GSO, RongViet Securities*

**Figure 19: The US inventory/ Wholesale data (times)**




*Source: Bloomberg, RongViet Securities*

**Figure 20: Export activity has recovered QoQ at a slow pace**




*Source: General Department of Customs, RongViet Securities*

# OUR 2H2023 FAVORITE STOCKS

| Ticker | Market Cap (USD mn) | 3M ave. matching value (k USD) | Target price (VND) | Cash dividend (VND) | Closed price | Expected return (%) | Quarterly growth of TTM NPAT-MI (%) | | | | | | | | | PER (x) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Q1 2022 | Q2 2022 | H2 2022 | Q1 2023 | Q2 2023 | H2 2023 | FY2022 | FY2023 | FY2024 | Curr. | Fwd 2023 |
| LHG | 59 | 214 | 50,000 | 1,900 | 28,150 | 84.4 | 5.4 | -57.1 | 51.8 | 1.0 | -8.0 | 60.9 | -31.4 | 49.4 | 31.2 | 6.9 | 4.7 |
| SIP | 0 | 295 | 168,000 | 2,000 | 118,603 | 43.3 | 5.2 | -8.1 | 14.2 | -6.9 | -2.3 | 12.0 | 10.4 | 1.8 | 15.1 | 12.8 | 13.1 |
| DBD | 159 | 197 | 65,800 | 2,000 | 51,400 | 31.9 | 7.1 | 1.8 | 21.5 | 7.1 | 4.7 | 8.2 | 32.5 | 21.4 | 9.5 | 14.7 | 13.0 |
| ACB | 3,756 | 7,157 | 28,800 | 0 | 22,000 | 30.9 | 8.4 | 13.0 | 16.4 | 6.2 | -0.5 | 6.4 | 42.5 | 12.4 | 19.9 | 5.9 | 5.6 |
| MWG | 3,165 | 5,888 | 57,600 | 500 | 48,980 | 18.6 | 2.2 | -1.7 | -16.7 | -34.7 | -41.6 | -27.0 | -16.3 | -72.2 | 248.6 | 27.0 | 62.9 |
| REE | 1,110 | 1,972 | 74,000 | 1,000 | 66,000 | 13.6 | 15.0 | 10.0 | 14.7 | 1.9 | -3.9 | -12.7 | 45.0 | -14.5 | 14.0 | 9.8 | 11.6 |
| BID | 10,397 | 1,896 | 53,000 | 100 | 46,750 | 13.6 | 8.7 | 13.0 | 40.0 | 10.4 | 1.3 | 7.3 | 72.1 | 20.1 | 31.5 | 11.8 | 12.1 |
| FPT | 4,439 | 3,026 | 83,400 | 2,000 | 78,300 | 9.1 | 7.7 | 5.4 | 7.7 | 4.8 | 4.7 | 8.8 | 22.2 | 19.3 | 25.9 | 17.8 | 13.7 |
| HAX | 58 | 720 | 17,500 | 500 | 15,850 | 13.6 | -0.7 | 48.9 | 5.2 | -21.2 | -41.8 | 115.1 | 55.5 | -1.4 | 8.1 | 6.5 | 4.8 |
| PGV (*) | 1,376 | 35 | N.a | 0 | 27,550 | 9.1 | 2.0 | -9.2 | -18.6 | -9.7 | 24.9 | -21.4 | -24.6 | -11.4 | N.a | 14.7 | 15.0 |
| STK | 125 | 74 | 31,700 | 0 | 29,900 | 6.0 | 2.2 | 0.1 | -15.6 | -31.1 | -20.2 | 19.3 | -13.7 | -34.4 | 94.2 | 16.2 | 16.1 |
| KBC | 1,031 | 10,205 | 40,000 | 2,000 | 31,000 | 35.5 | -15.1 | -61.1 | 499.7 | 29.7 | 53.5 | 3.4 | 97.9 | 105.9 | 13.1 | 11.8 | 7.5 |
| VNM | 6,657 | 9,494 | 87,600 | 3,850 | 70,940 | 28.9 | -2.9 | -7.4 | -10.1 | -4.8 | 1.4 | 9.8 | -19.1 | 6.0 | 11.5 | 18.9 | 18.2 |
| TCB | 4,991 | 5,189 | 40,500 | 0 | 31,950 | 26.8 | 6.1 | 5.7 | -0.4 | -5.0 | -7.0 | 0.6 | 11.7 | -11.1 | 38.3 | 5.9 | 6.3 |
| VPB | 6,182 | 10,084 | 25,000 | 0 | 19,900 | 25.6 | 46.3 | -2.9 | 8.4 | -33.8 | -3.7 | 40.8 | 53.9 | -10.2 | 27.0 | 11.1 | 8.9 |
| KDH | 1,074 | 2,422 | 39,300 | 0 | 31,500 | 24.8 | 7.8 | 5.1 | -19.1 | -9.0 | -8.4 | 20.1 | -8.3 | 0.2 | 66.9 | 22.4 | 20.5 |
| OCB | 1,095 | 850 | 22,600 | 0 | 18,200 | 24.2 | -7.8 | -9.5 | -4.5 | 3.4 | 14.8 | 5.2 | -20.3 | 24.9 | 24.1 | 6.8 | 5.9 |
| MBB | 4,125 | 8,008 | 22,300 | 0 | 18,650 | 19.6 | 7.8 | 14.8 | 11.2 | 2.7 | 1.5 | 10.8 | 37.7 | 15.5 | 12.2 | 5.4 | 4.5 |
| FMC | 132 | 95 | 53,000 | 2,000 | 47,400 | 16.0 | 4.1 | 13.8 | -1.9 | 1.0 | -13.7 | 13.0 | 16.1 | -1.5 | 28.9 | 9.9 | 10.2 |
| PNJ | 1,119 | 2,195 | 88,000 | 2,000 | 78,500 | 14.6 | 20.2 | 11.6 | 30.4 | 1.5 | -1.6 | -0.7 | 74.9 | -0.8 | 17.2 | 14.6 | 14.4 |
| QNS | 758 | 1,520 | 52,800 | 3,000 | 52,111 | 7.1 | 1.2 | 0.4 | 1.8 | 11.0 | 24.3 | 10.6 | 3.4 | 52.6 | -13.6 | 13.1 | 8.2 |
| CTG | 6,246 | 5,365 | 31,600 | 0 | 29,900 | 5.7 | -12.8 | 19.5 | 15.1 | 0.8 | 3.3 | 12.2 | 20.0 | 16.9 | 44.4 | 8.4 | 8.3 |
| VCB | 21,407 | 3,005 | 99,500 | 0 | 88,904 | 11.9 | 4.8 | 8.6 | 19.8 | 3.4 | 4.8 | 5.4 | 36.4 | 14.3 | 17.9 | 16.1 | 14.6 |
| MSN | 5,103 | 3,694 | 85,000 | 0 | 81,800 | 3.9 | 16.4 | 1.9 | -64.9 | -38.7 | -40.1 | 4.7 | -58.3 | -61.5 | 91.0 | 53.2 | 84.9 |
| IJC (*) | 177 | 1,747 | N.a | 0 | 14,600 | 6.8 | -19.0 | 2.0 | -0.3 | -12.9 | -10.6 | 24.4 | -16.9 | -2.2 | N.a | 8.2 | 7.4 |
| QTP (*) | 311 | 595 | N.a | 0 | 17,755 | 5.6 | 48.0 | 8.3 | 0.9 | -26.2 | -0.6 | -22.1 | 61.6 | -42.9 | N.a | 14.1 | 18.2 |
| BWE (*) | 368 | 172 | N.a | 0 | 44,900 | 3.1 | 0.6 | 4.4 | -4.9 | -4.9 | 1.1 | 0.8 | -0.2 | -3.1 | N.a | 12.3 | 12.0 |
| NKG | 212 | 6,217 | 20,100 | 0 | 19,350 | 3.9 | 8.5 | -26.8 | -103.8 | 833.7 | 12.2 | -144.4 | -103.0 | -564.7 | 39.0 | N.a | 21.4 |
| GEG | 224 | 1,227 | 15,200 | 400 | 15,150 | 3.0 | 27.3 | -9.5 | -3.2 | -24.6 | -8.8 | 13.9 | 11.6 | -21.7 | 88.4 | 22.9 | 23.7 |
| PC1 | 315 | 2,361 | 28,300 | 0 | 28,000 | 1.1 | 7.9 | -35.4 | -6.6 | -26.3 | -27.0 | 88.9 | -34.9 | 1.6 | 27.3 | 22.8 | 17.9 |
| NLG | 620 | 3,884 | 36,700 | 500 | 36,900 | 0.8 | -34.1 | 9.0 | -27.7 | 1.1 | 1.8 | -6.6 | -48.1 | -3.8 | 70.8 | 25.2 | 27.6 |
| HPG | 6,693 | 20,043 | 24,800 | 0 | 27,500 | -9.8 | 3.6 | -15.9 | -71.7 | -92.2 | -387.4 | -616.4 | -75.4 | 16.1 | 48.2 | 240.8 | 17.3 |

*Source: RongViet Securities | Closed price as of July 14, 2023| (*) Our favorite stock yet to do modeling, 2023 NPAT-MI is company's plan and expected return is barely expected cash dividend yield*

# REVIEW RECOMMENDED INVESTMENT PORTFOLIO IN 6M2023



| Tickers | Mar. Cap (VND bn) | 3M_AVG. Daily trading volume ('000 shares) | LTM P/E | Current P/B | Closing price (VND) Date 12/15/2022 | Closing price (VND) Date 07/14/2023 | %Price change |
|---|---|---|---|---|---|---|---|
| QNS | 19,067 | 853 | 13.4 | 2.5 | 33,668 | 52,111 | 54.8% |
| DBD | 4,042 | 104 | 15.5 | 2.9 | 34,573 | 51,400 | 48.7% |
| HSG | 11,272 | 14,852 | -10.7 | 1.1 | 12,282 | 17,750 | 44.5% |
| FMC | 3,139 | 56 | 11.6 | 1.7 | 32,923 | 47,400 | 44.0% |
| HPG | 164,268 | 21,119 | 247.4 | 1.7 | 19,350 | 27,500 | 42.1% |
| PVD | 14,286 | 5,259 | 543.2 | 1.0 | 17,700 | 25,150 | 42.1% |
| LHG | 1,450 | 196 | 7.1 | 0.9 | 19,956 | 28,150 | 41.1% |
| KBC | 24,870 | 9,078 | 11.1 | 1.5 | 22,800 | 31,000 | 36.0% |
| PC1 | 7,843 | 2,193 | 23.6 | 1.5 | 20,650 | 28,000 | 35.6% |
| STK | 3,002 | 65 | 22.4 | 1.9 | 22,566 | 29,900 | 32.5% |
| VCB | 495,021 | 767 | 16.0 | 3.4 | 67,313 | 88,904 | 32.1% |
| GEG | 5,255 | 1,836 | 23.2 | 1.2 | 12,406 | 15,150 | 22.1% |
| NLG | 14,422 | 2,945 | 24.8 | 1.6 | 30,311 | 36,900 | 21.7% |
| HND | 7,786 | 30 | 34.8 | 1.3 | 12,929 | 15,380 | 19.0% |
| FPT | 102,867 | 961 | 17.6 | 4.3 | 66,791 | 78,300 | 17.2% |
| DRC | 2,827 | 540 | 12.0 | 1.6 | 19,954 | 23,200 | 16.3% |
| MBB | 97,764 | 10,155 | 5.4 | 1.2 | 16,074 | 18,650 | 16.0% |
| ACB | 85,643 | 7,815 | 5.9 | 1.4 | 19,379 | 22,000 | 13.5% |
| KDH | 24,551 | 2,108 | 24.4 | 2.1 | 28,200 | 31,500 | 11.7% |
| **VNIndex** | **4,500,957** | **680,000** | **13.3** | **1.7** | **1055,32** | **1168,4** | **10.7%** |
| VPB | 146,684 | 13,874 | 12.2 | 1.5 | 18,200 | 19,900 | 9.3% |
| CTG | 143,452 | 4,830 | 8.4 | 1.3 | 28,250 | 29,900 | 5.8% |
| MWG | 79,710 | 3,608 | 29.8 | 3.3 | 47,000 | 49,450 | 5.2% |
| VNM | 153,821 | 3,478 | 19.0 | 4.9 | 76,234 | 73,300 | -3.8% |
| PNJ | 26,010 | 784 | 14.8 | 2.8 | 83,483 | 78,500 | -6.0% |

*Source: RongViet Securities | Closing prices as of July 15, 2023*

**Our picks for 2023 in the latest annual strategy report relatively performed well in the 1H2023, with 19/25 stocks outperforming VN Index**

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