



# MACRO & MARKET

## May 2022

**Positive macroeconomy & market**

13/06/2022

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**MONTHLY TOPIC MAY 2022**

# **China's Real estate market – Three red lines**



# MONTHLY TOPIC

## China's real estate market – **Three red lines**

- I. Real estate market developments in China
- II. Impact of the three red lines on real estate developer in China
- III. Impact of Evergrande's default



# I. Real estate market developments in China



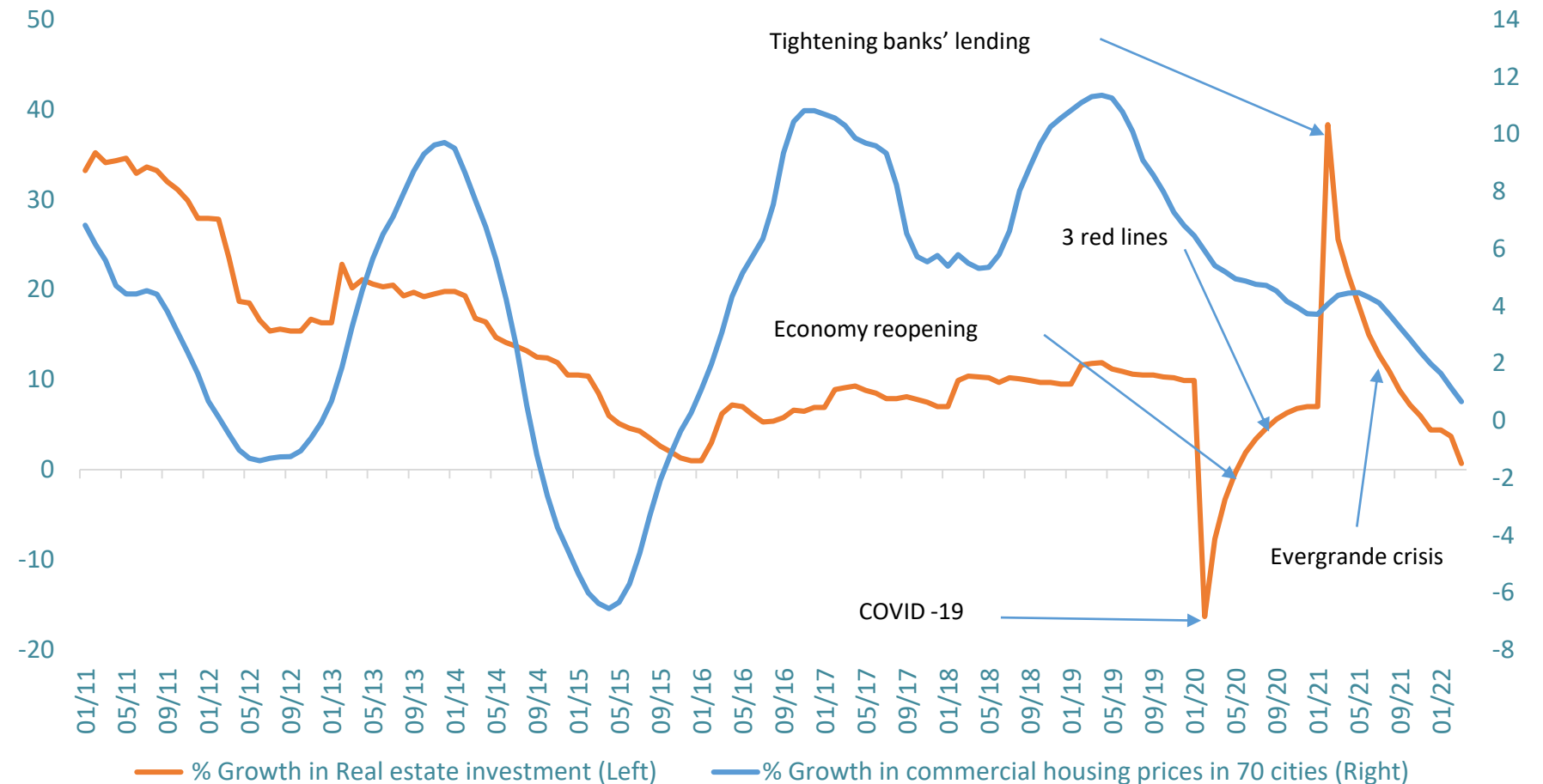
- ❖ Status quo: China's real estate price level has tripled in the past 20 years. The *median of apartment price/annual household income ratio* is 43.15 in Shenzhen, 42.47 in Beijing and 33.36 in Shanghai, compared to 13.37 in London and 8.76 in New York City.

- ❖ China has been building too many high-end real estate, which results in the lack of affordable housing → The government has implemented 3 policies to stabilize the real estate market as follows:

- ✓ Three red lines.
- ✓ Tightening bank's lending in terms of real estate sector.
- ✓ Improving the way local governments sell land.

# Real estate market developments in China

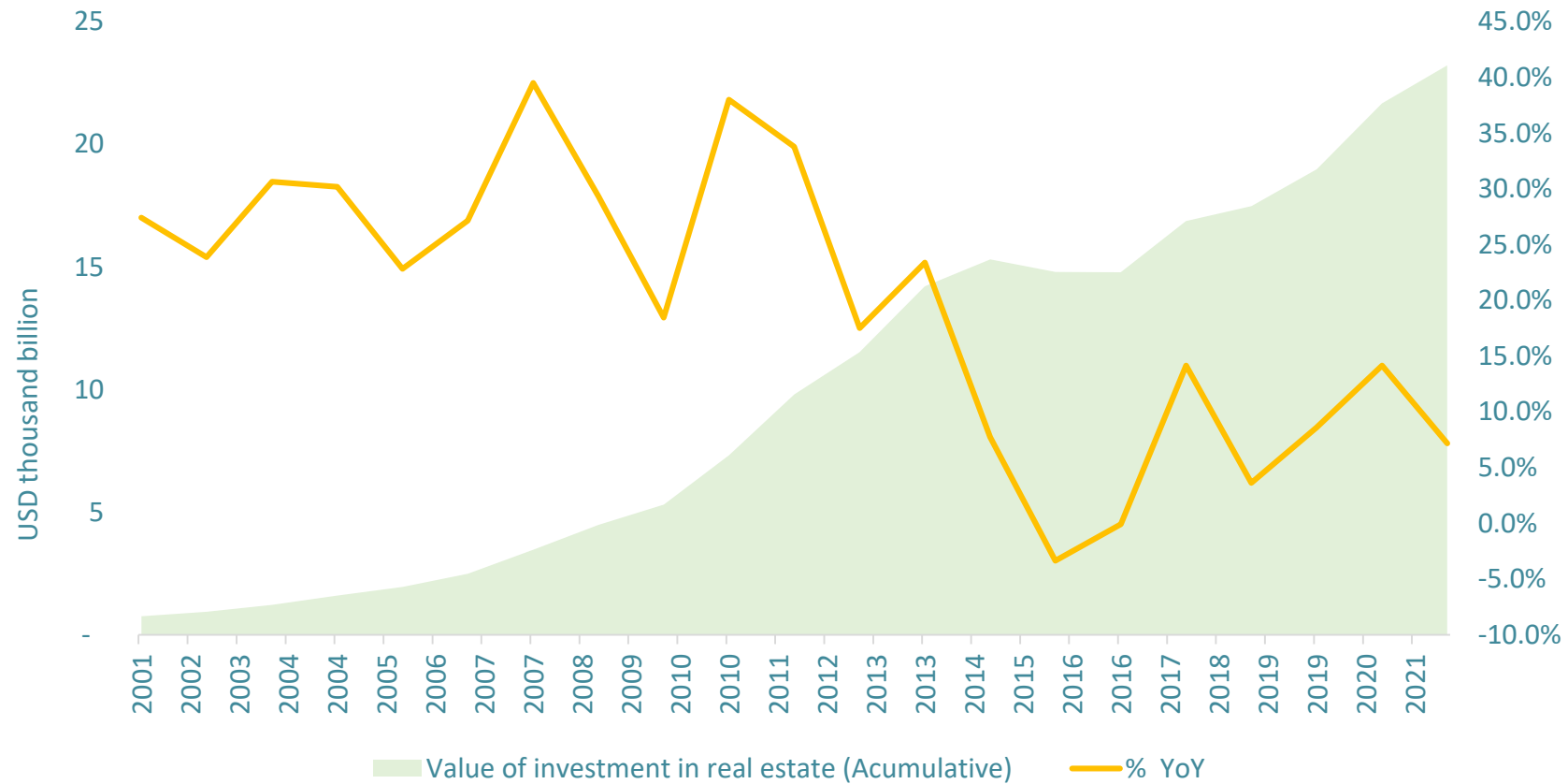
Figure 1: Growth in Real estate investment and commercial housing prices in 70 cities



Source: Bloomberg, BSC Research



Figure 2: Annual value of investment in real estate



Source: Bloomberg, BSC Research

## Details of 3 policies for China's real estate market

Three red lines	Tightening bank's lending in terms of real estate sector	Improving the way local governments sell land
<p><b>3 rules:</b></p> <p>(1) <b>Liability-to-asset ratio</b> (excluding advance receipts) of less than 70%.</p> <p>(2) <b>Net gearing ratio</b> of less than 100%</p> <p>(3) <b>Cash-to-short-term debt ratio</b> of more than 1x</p>	<ul style="list-style-type: none"><li>• <b>For large state-owned commercial banks:</b> real estate lending must not exceed 40% of the loan structure; mortgage loans are limited at 32.5%</li><li>• <b>For smaller commercial banks:</b> regulators set limits based on the size of those banks.</li></ul>	<p>In order to increase transparency for the real estate market, the form of land auction is <b>switched from local scale to national scale</b></p>

Source: BSC Research



- ❖ **Positive impact:** Stabilizing real estate market prices
- ❖ **Negative impact:**
  - ✓ The slow growth of the real estate market restrained economic growth.
  - ✓ Local governments face difficulties in balancing revenues and expenditures: The balance of income and expenditure is more and more leaning towards the trend of overspending due to the development momentum of the economy. Meanwhile, the major source of revenue and profit of local governments comes from the sale of land lease rights. The policy of stabilizing land prices will have a large impact on the balance of income and expenditure in the short term as cash flows from public infrastructure investment projects usually occur in the medium term.

## The impact of the policies on the China's real estate market

Figure 3: Growth in China's real estate sector & GDP

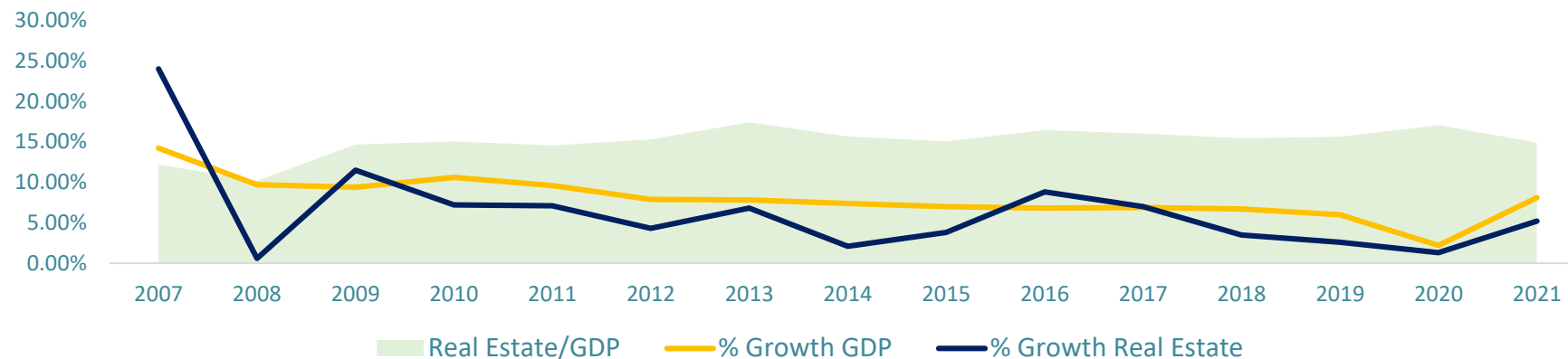


Figure 4: Total revenue & expenditure at local governments



Source: Bloomberg, BSC Research

## II. Impact of the **three red lines** on real estate developer in China

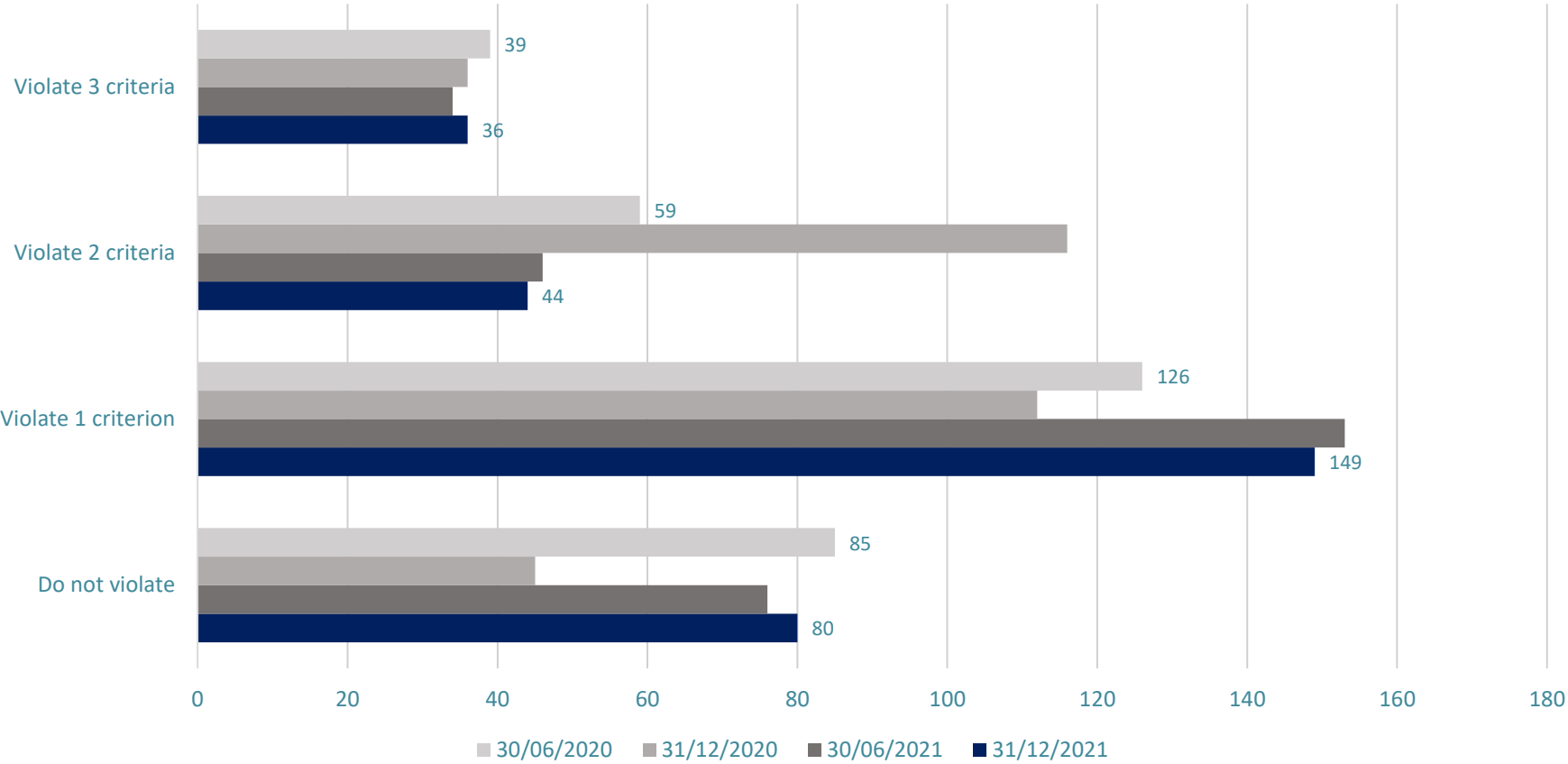




- ❖ On average, over 75% out of a total of 309 listed companies on the stock exchanges in China and Hong Kong do not meet the criteria.
- ❖ Since August 2020, when the criteria were officially applied, the percentage of companies that did not meet the criteria increased sharply from 72.5% (June 30th, 2020) to 85.4% as of December 31st, 2020. However, this rates have decreased and remained at an average of about 75% in the periods of June 30th, 2021 and December 31st, 2021. This shows that Chinese real estate enterprises have made efforts to improve to meet the meet the rules. However, the proportion of violating enterprises is still high.

# Impact of the **three red lines**

Figure 5: Number of violating enterprises classified by criteria



*Note: Data are based on semi-annual financial statements of Shanghai and Hong Kong stock exchanges*

## Impact of the **three red lines**

- ❖ On Hong Kong and mainland stock markets (Shanghai Stock Exchange), the percentage of enterprises that meet all 3 criteria ranges from 22-25% on average, and the rest are enterprises that do not meet from one up to three criteria. Specifically, *Cash-to-short-term debt ratio of more than 1x* is the criterion that enterprises fail to meet the most.

Figure 6: Proportion of violating enterprises in China

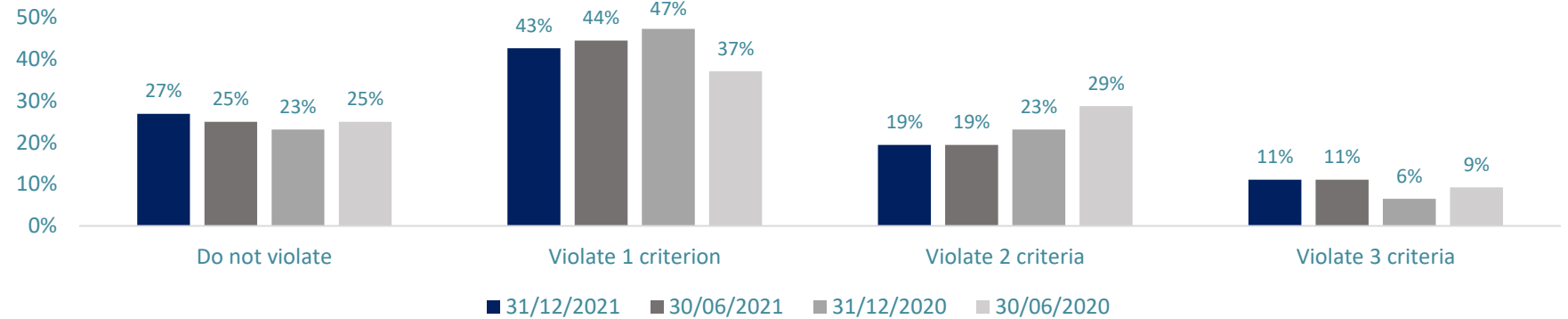
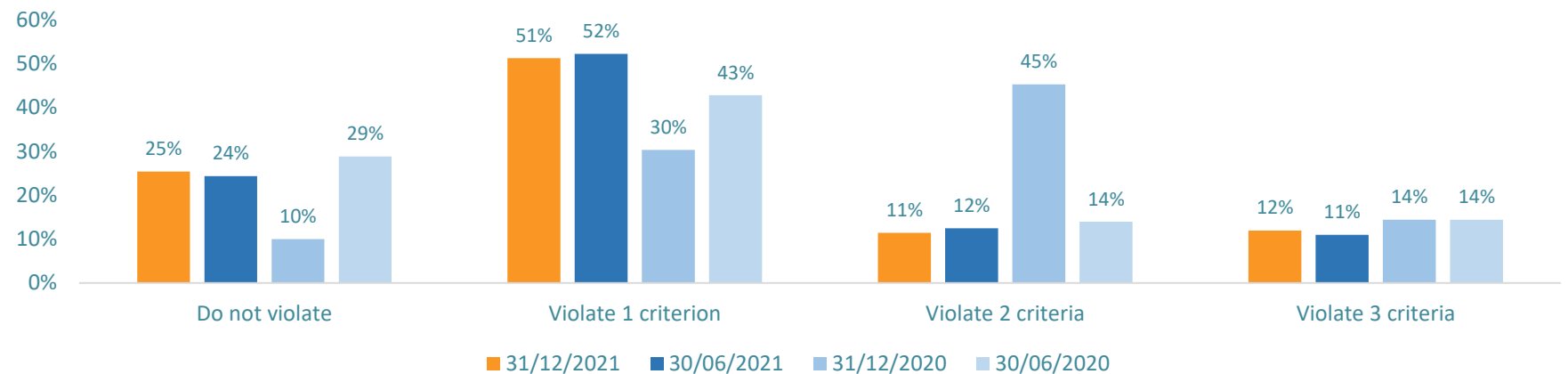


Figure 7: Proportion of violating enterprises in Hong Kong



Note: Data are based on semi-annual financial statements of Shanghai and Hong Kong stock exchanges



## Impact of the **three red lines** - Share prices of real estate enterprises

Table 1: Stock price movements after *three red lines* started

Types	Market cap (USD mil)	Capitalization Proportion in group	Aug-20	1W	1M	3M	6M	12M
Do not violate	150,480	23.67%	0%	1.02%	0.17%	-0.56%	-2.04%	-2.09%
Violate 1 criterion	323,312	50.85%	0%	0.04%	0.45%	-1.83%	-2.96%	-8.96%
Violate 2 criteria	125,501	19.74%	0%	-0.59%	-1.20%	-9.00%	-15.69%	-16.05%
Violate 3 criteria	36,481	5.74%	0%	0.51%	-1.39%	-5.60%	-4.79%	-8.27%
<b>Total (or average)</b>	<b>635,774</b>	<b>100.0%</b>	<b>0%</b>	<b>0.24%</b>	<b>-0.49%</b>	<b>-4.25%</b>	<b>-6.37%</b>	<b>-8.84%</b>

- ❖ The group of enterprises that violates 3 criteria accounts for a small capitalization proportion and has few transactions, so the volatility is not as much as the group of enterprises that violate 1-2 criteria. The policy of "*three red lines*" has a significant impact on the real estate enterprises in China.

## Impact of the **three red lines** - Real estate bond market

**Table 2: Issuance of real estate bonds in China from 2020 to March 31st, 2022**

Time	Number of bonds	Accumulation of the number of bonds	Growth rate of accumulated issued bonds (unit: %)	Total value of accumulated outstanding bonds (unit: billion USD)	The growth rate of the value of issued bonds (unit: %)
01/01-30/06/2020	528	528		91.31	
01/07-31/12/2020	571	1,099	108.14%	193.51	111.93%
01/01-30/06/2021	643	1,742	58.51%	306.51	58.39%
01/07-31/12/2021	726	2,468	41.68%	408.78	33.37%
01/01-31/03/2022	396	2,864	16.05%	463.85	13.47%
<b>Total (or average)</b>	<b>2,864</b>		<b>56.09%</b>		<b>54.29%</b>

**Table 3: Status of Chinese real estate bonds classified by currency**

Time	Value (USD bil)				Weight			
	CNY	USD	Others	Total	CNY	USD	Others	Total
<b>2008-05/05/2020</b>	555.09	206.74	7.61	<b>769.45</b>	72.14%	26.87%	0.99%	100.00%
<b>2020 – present</b>								
01/01/2020-30/06/2020	63.65	27.33	0.32	<b>91.31</b>	69.71%	29.93%	0.36%	100.00%
01/01/2020-31/12/2020	135.97	57.22	0.32	<b>193.51</b>	70.26%	29.57%	0.17%	100.00%
01/01/2020-30/06/2021	221.29	83.90	1.31	<b>306.51</b>	72.20%	27.37%	0.43%	100.00%
01/01/2020-31/12/2021	306.69	99.43	2.66	<b>408.78</b>	75.03%	24.32%	0.65%	100.00%
01/01/2020-31/03/2022	356.68	103.73	3.44	<b>463.85</b>	76.90%	22.36%	0.74%	100.00%
<b>Total (or average)</b>	<b>1,084.28</b>	<b>371.62</b>	<b>8.07</b>	<b>1,463.96</b>	<b>72.82%</b>	<b>26.71%</b>	<b>0.47%</b>	

Source: Bloomberg, BSC Research

- ❖ Since the application of the **three red lines** policy, the number and value of real estate bonds issued in China has witnessed a decline. However, the number and value of real estate bonds issued still accounts for a large proportion (Table 2).
- ❖ CNY bonds accounts for the highest proportion (average over 72%), followed by USD (average over 26%).



❖ Luxembourg, the US, and Hong Kong are the three major real estate bondholders in the Chinese market. Since the introduction of the **three red line** policy, these bondholders have gradually decreased the growth rate of bond holdings (in the period from 2020 – March 31st, 2022) and showed signs of slowing down in the Q1.2022. According to data from Bloomberg, the total value of bonds classified by country accounts for about **6.27%** (USD 48.28 billion) of the total outstanding bonds – this is a relatively small number compared to the total amount of real estate bonds with a value of USD 769.45 billion.

## Impact of the **three red lines** - Real estate bond market

Table 4: Numbers of bonds hold by countries							
Time	Luxembourg	The US	Hong Kong	The others	Total value of bonds classified by country (Unit: USD bil)	Total value of outstanding bonds (Unit: USD bil)	Proportion of classified bonds to total outstanding bonds (Unit: %)
2008-05/05/2020	21.97	6.01	4.61	15.69	48.28	769.45	6.27%
Proportion (%)	45.50%	12.45%	9.55%	32.50%	100.00%		
2020 - present							
01/01/2020-30/06/2020	3.41	0.95	0.60	1.83	6.78	91.31	7.43%
Proportion (%)	50.26%	13.94%	8.78%	27.02%	100.00%		
01/01/2020-31/12/2020	7.40	2.24	1.32	4.39	15.36	193.51	7.94%
Proportion (%)	48.22%	14.59%	8.57%	28.61%	100.00%		
01/01/2020-30/06/2021	11.45	3.25	1.98	7.05	23.72	306.51	7.74%
Proportion (%)	48.25%	13.70%	8.33%	29.72%	100.00%		
01/01/2020-31/12/2021	12.64	3.39	2.30	8.49	26.83	408.78	6.56%
Proportion (%)	47.11%	12.64%	8.59%	31.66%	100.00%		
01/01/2020-31/03/2022	12.71	3.39	2.30	8.51	26.92	463.85	5.80%
Proportion (%)	47.21%	12.60%	8.56%	31.63%	100.00%		

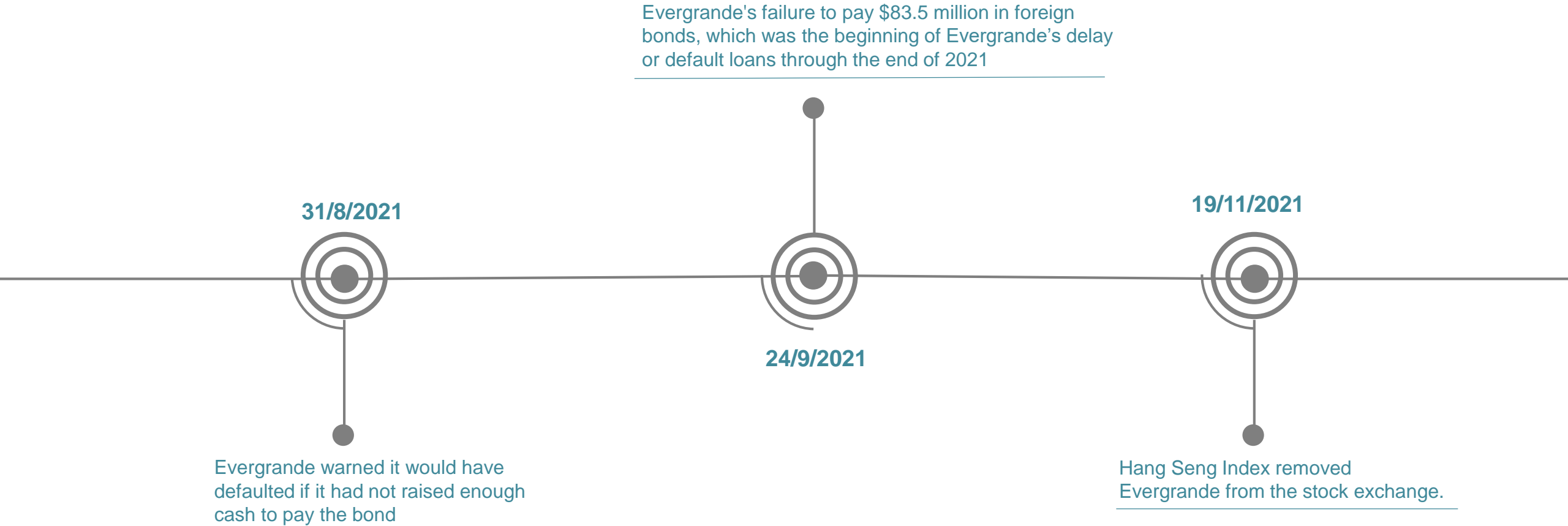
Source: Bloomberg, BSC Research



## III. Impact of Evergrande's default



# Evergrande's default

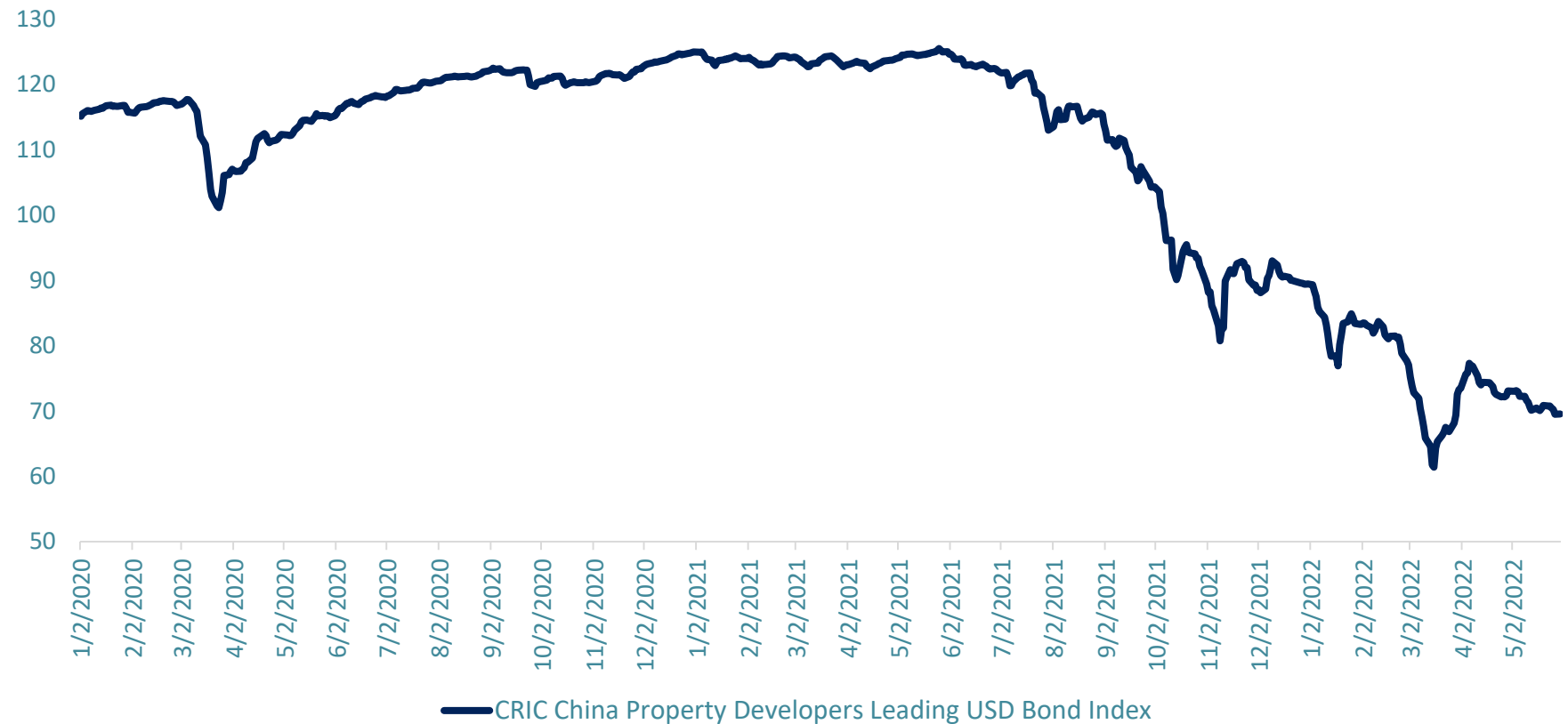




## The impact of Evergrande's default – China's real estate bond market

- ❖ Since June 2021, when Evergrande's bond bomb exploded, the Chinese bond market has weakened: the *CRIC China Real Estate Bond Leadership Index* - an index that measures the performance of issued bonds China's 100 largest real estate enterprises also plummeted more than 50% in the period from June 2021 to March 2022.

Figure 8: Performance of Chinese real estate bonds



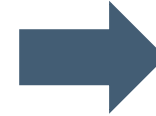
Source: Bloomberg, BSC Research

## Easing policies for China's real estate market

- ❖ The Chinese real estate market in 2021 has been severely affected by Evergrande's default. In order to solve the situation, in the first quarter of 2022, the Chinese government has signaled to relax some regulations in the real estate sector.

### Method

- Enabling businesses to borrow capital to buy assets from weaker real estate enterprises by excluding such debt from regulatory limits on debt.
- Promote commercial banks to increase lending to real estate enterprises.
- In March 2022, banks in more than 100 cities in China reduced mortgage rates by an average of 20 to 60 basis points.



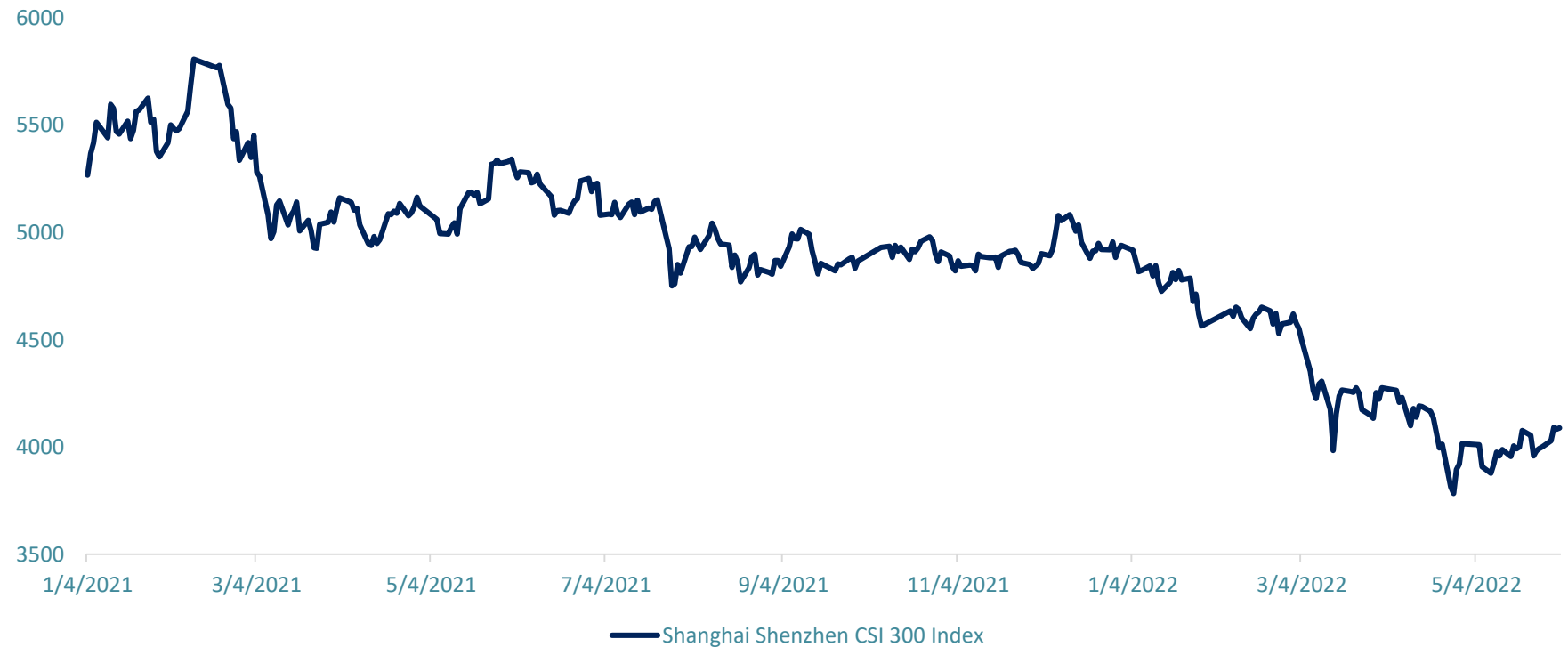
### Result

- CRIC index started to rise again.
- Trading volume of real estate bonds increased to nearly USD 700 million in mid-March, up nearly 20% compared to the beginning of the month. Towards the end of March, volume continued to improve before falling slightly again (according to Market Axess).
- In April, institutional investors in China sold about USD 1 billion of high-yield bonds (usually those from weak, risky businesses) to target companies with a strong background and better fundamentals.

## Easing policies for China's real estate market

- ❖ In addition, to support the national economy, after the pandemic, China has introduced the following policies:
- ❖ Request policy banks to lend an additional USD 120 billion to promote infrastructure development in provinces affected by the epidemic. This is a key tool to create more jobs and promote economic growth in the localities.
- ❖ Package of 33 economic support measures: including fiscal, financial, investment and industrial policies, ..
- ❖ In March 2022, China's Ministry of Finance announced the suspension of the real estate tax pilot introduced at the end of 2021.
- ❖ Supporting bond issuance: on May 23rd, PBOC announced the successful issuance of 25 billion yuan of state-owned bank bills in Hong Kong; China's provinces are trying to issue about \$225 billion of local government bonds in June; plans to attract foreign bondholders in the near future.
- ❖ Keep interest rates and reserve requirement rates low
- ❖ The successful control of the Covid-19 epidemic and easing policies contributes to boosting the country's stock market after more than a year of decline.

Figure 9: China stock market movements



Source: Bloomberg, BSC Research





**MACRO MAY 2022**

**Positive growth in production  
and business activities**

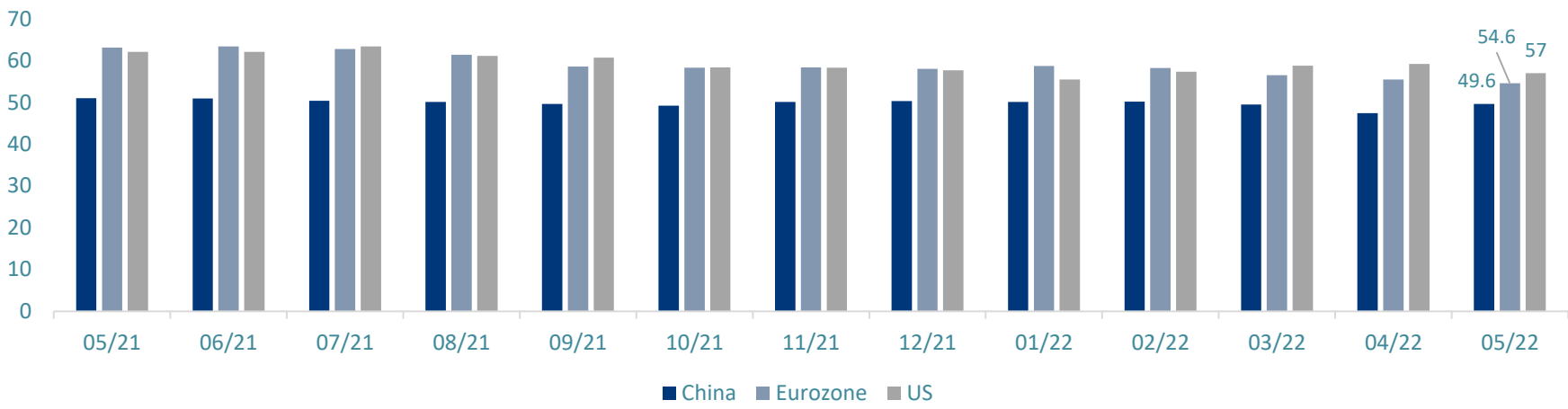
❖ Manufacturing PMI: Economic growth was positive in Europe and the US but weakened in China.

❖ Service PMI: The service structure maintained a recovery trend in Europe and the US, but weakened in China.

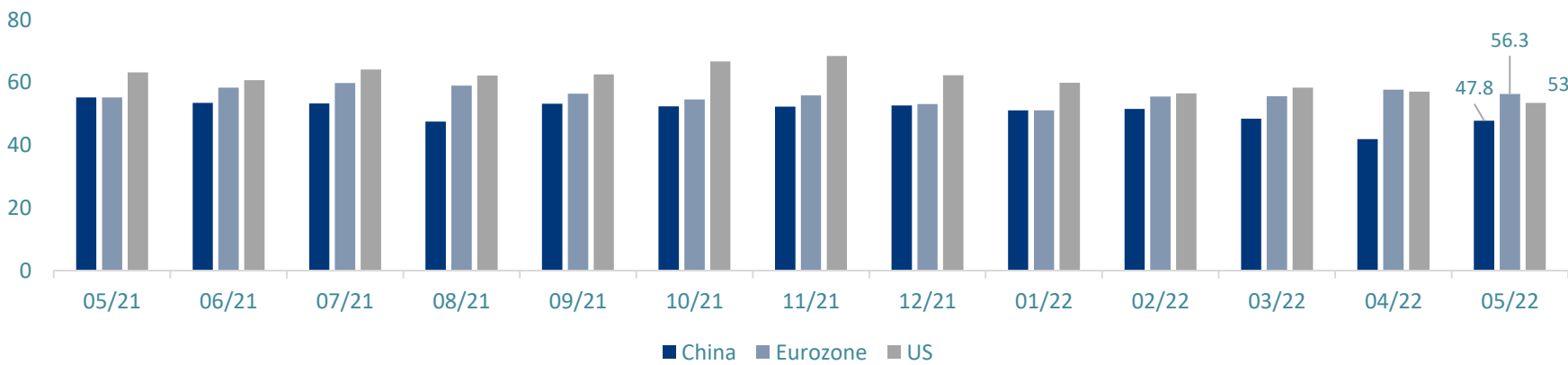
❖ BSC assesses: Economic growth in China weakened due to the epidemic and the blockade policy (Zero Covid) which caused the production, business activities, and service provision to be delayed and interrupted. However, towards the end of May, the epidemic situation has improved more and more, and China has also gradually removed the quarantine and will start reopening from June 1st.

# MACRO: CHINA'S ECONOMY REMAINED WEAK

## Manufacturing PMI



## Service PMI



Source: Bloomberg, BSC Research

## MACRO: INTERNATIONAL MONETARY POLICY

Nation	US	EU	China
Monetary policy	Tighten	Towards tightening	Towards loosing
Operating interest rate	0.25 - 0.5%	-0.50%	2.00%
Economic support program	- The tightening policy has started.	- Asset Purchase Program (APP) at the rate of 40 billion euros in Q2, 30 billion euros in Q3.	- Lowering the 1-year term interest rate from 3.85% to 3.8%; lower prime interest rate for 5-year loan, from 4.65% to 4.6%
Highlight	<ul style="list-style-type: none"> <li>- FED is likely to raise the interest-rate to 1.75%-2.0%</li> <li>- Shrink the balance sheet at the end of the second or third quarter.</li> <li>- <b>Interest rate is likely rise by 0.5% at the meeting on June 14-15th.</b></li> </ul>	<ul style="list-style-type: none"> <li>- End the program of buying bonds and raising interest rates in the third quarter.</li> <li>- The Russian energy crisis has increased inflationary pressures.</li> <li>- ECB may raise interest rates in July.</li> </ul>	<ul style="list-style-type: none"> <li>- The PBOC switched to a looser policy to stimulate economic demand.</li> <li>- PBOC Governor pledged to maintain appropriate policy to support the "cooling off" economy.</li> </ul>

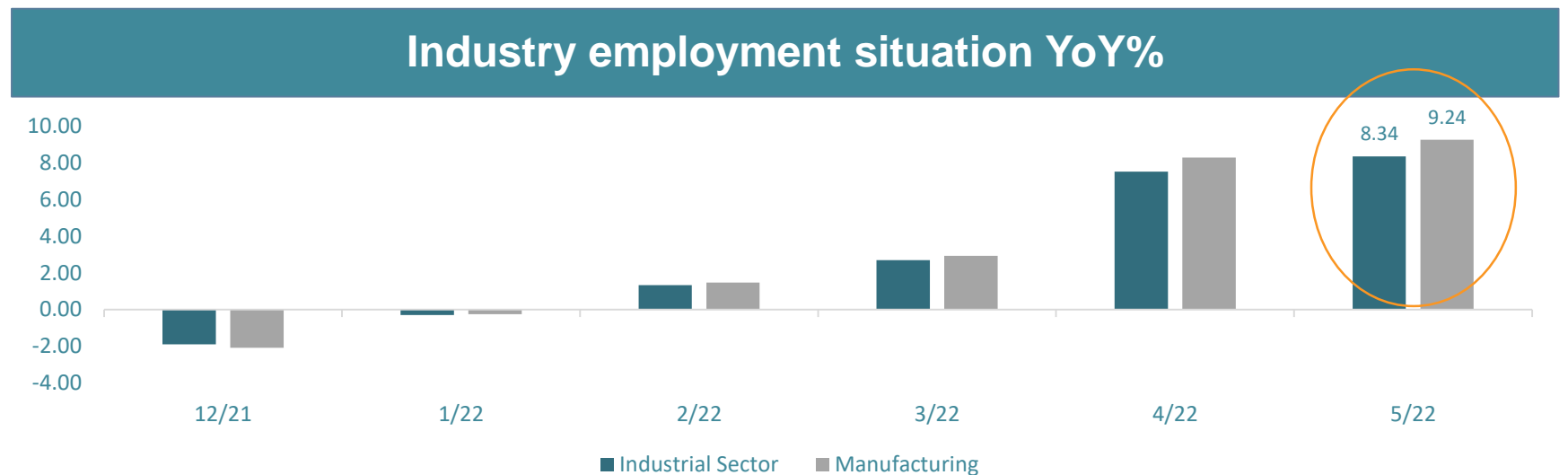
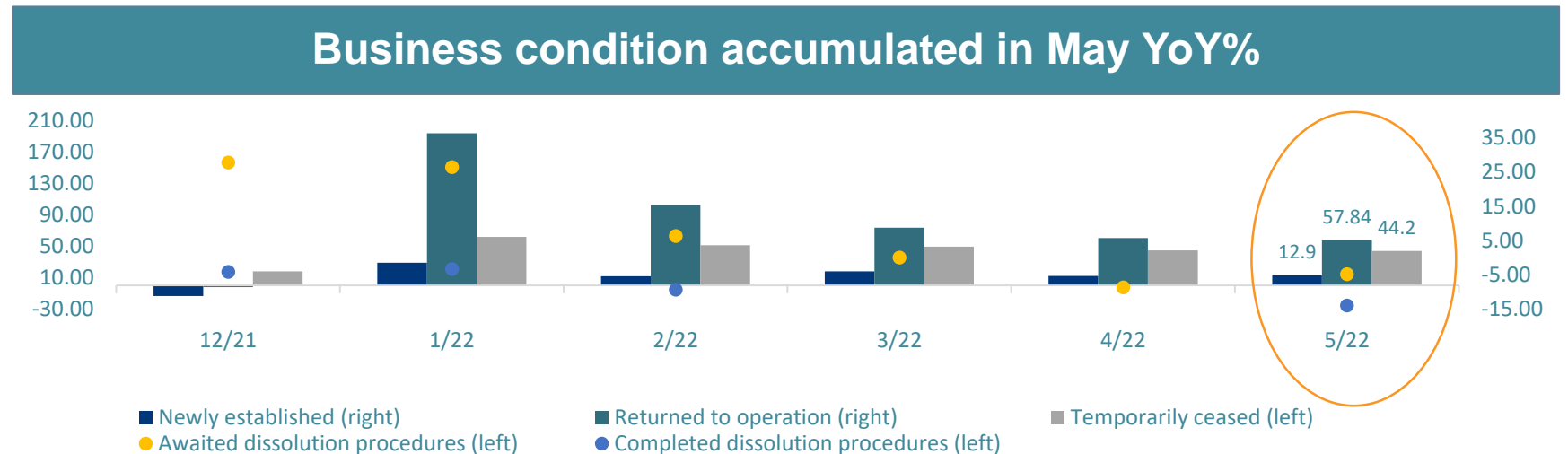


❖ 5M.2022, the number of enterprises completing dissolution procedures, enterprises temporarily suspending operations waiting for dissolution continued to decrease over the same period. Newly registered enterprises, enterprises returning to operation increased over the same period.

❖ Industry employment increased by +8.34% YoY (processing +9.24% YoY).

❖ In 5M.2022, the business situation of enterprises still maintained a positive increase compared to the same period last year. Businesses are still recovering from the pandemic. However, the number of enterprises temporarily ceased still increased by +44.2% over the same period, showing that some businesses in some fields and industries still face many difficulties.

## MACRO: BUSINESS ACTIVITIES MAINTAINED STABLE GROWTH



- ❖ Retail and consumer services maintained the recovery momentum. Retail increased by +9.69% YoY. In particular, hospitality and traveling increased sharply thanks to the holiday of April 30<sup>th</sup> – May 1st and tourism is very positive recently. These two services increased by +15.75% YoY and +34.7% YoY respectively.

- ❖ Accumulation of retail and consumer services maintained the recovery momentum, showing that people's consumption demand is increasing, the growth rate is equivalent to the time before the Covid-19 pandemic.

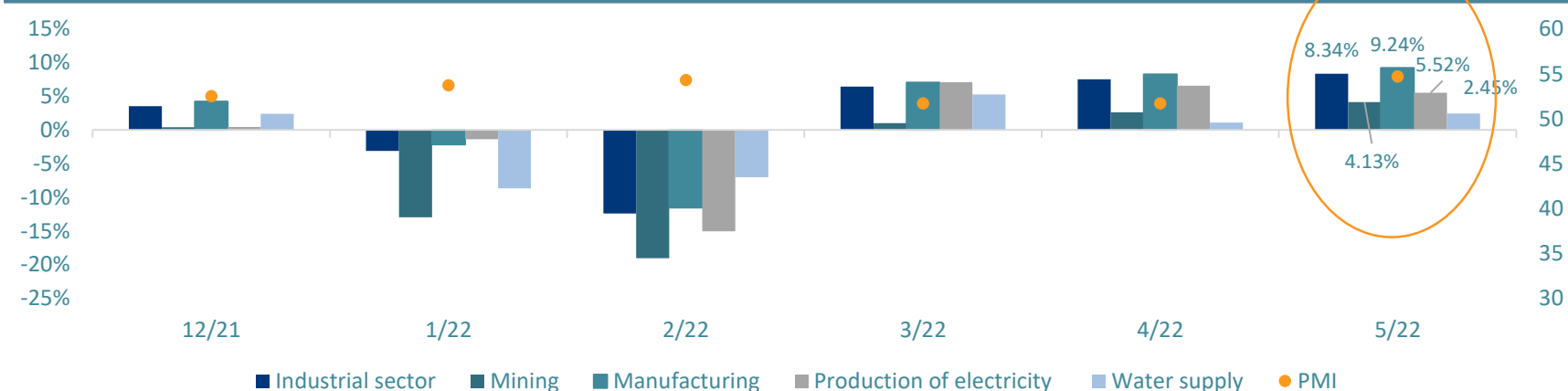
- ❖ PMI in May 2022 reached 54.7, up from 51.7 of the previous month, signaling a clear improvement in the health of the businesses in the middle of the second quarter. The situation of industrial production in all fields maintained stable growth momentum.

## MACRO: TRAVELING REMAINED POSITIVE GROWTH

### Retail and Consumer services accumulated YoY%



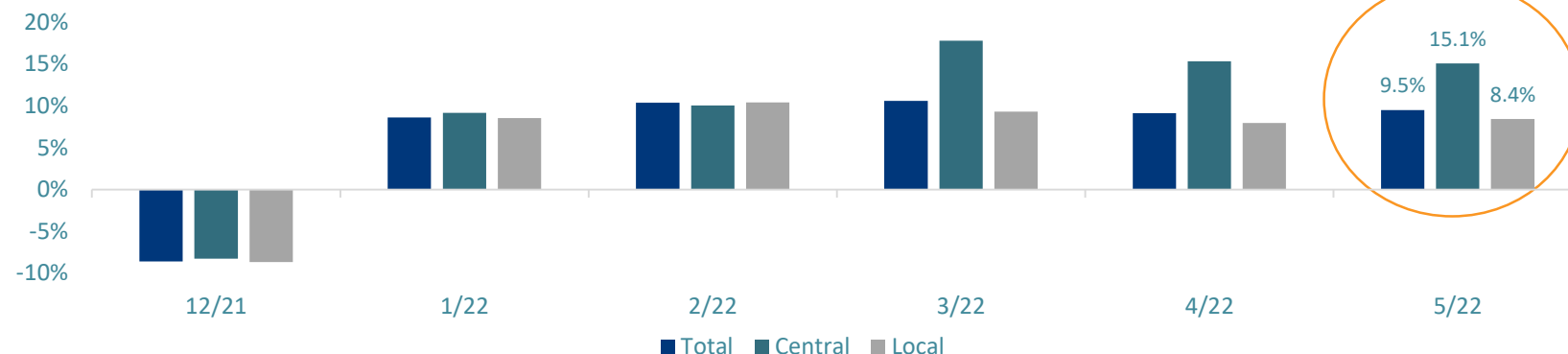
### IIP + PMI MoM%



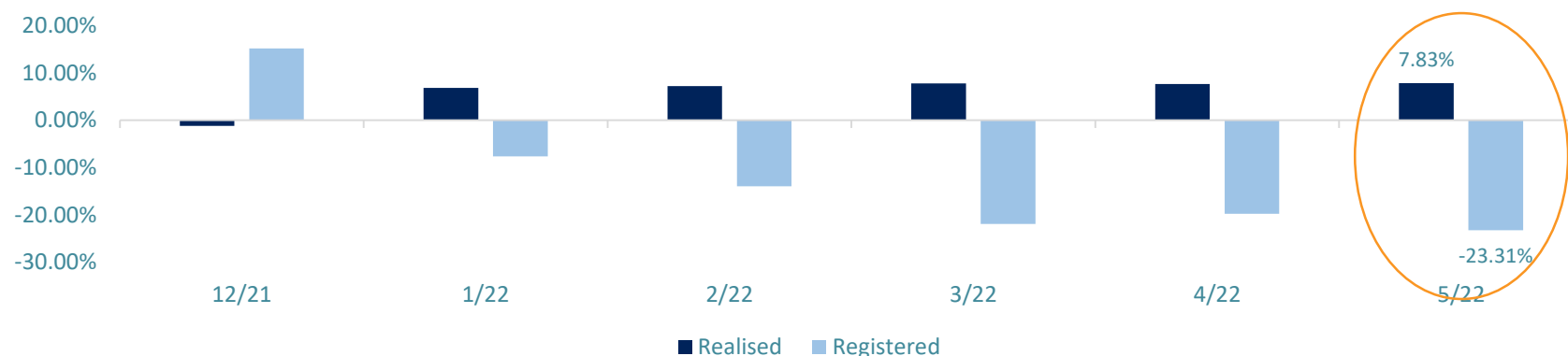
- ❖ Accumulated 5M.2022, disbursement of state budget is estimated to increase by +9.5% YoY (equivalent to VND 147,844 billion, equal to 27.7% compared to the plan in 2022).
- ❖ 5M.2022, realized FDI increased by +7.83% YoY, the average increase since the beginning of the year. Newly registered FDI decreased -53.3% YoY; additional registered FDI increased +45.4%.
- ❖ The domestic price level increases in line with world commodity prices, hindering the disbursement of state budget capital to implement projects.
- ❖ Newly registered FDI still maintained a downward trend; additionally registered FDI increased +45.4% YoY. Although it still maintained an upward momentum, the growth rate of registered FDI decreased by half compared to previous months due to the complicated global macroeconomic situation. However, this growth rate is still high compared to previous years.

## MACRO: SLOW DISBURSEMENT OF STATE BUDGET

### Disbursement of State capital budget accumulated YoY%



### FDI accumulated YoY%

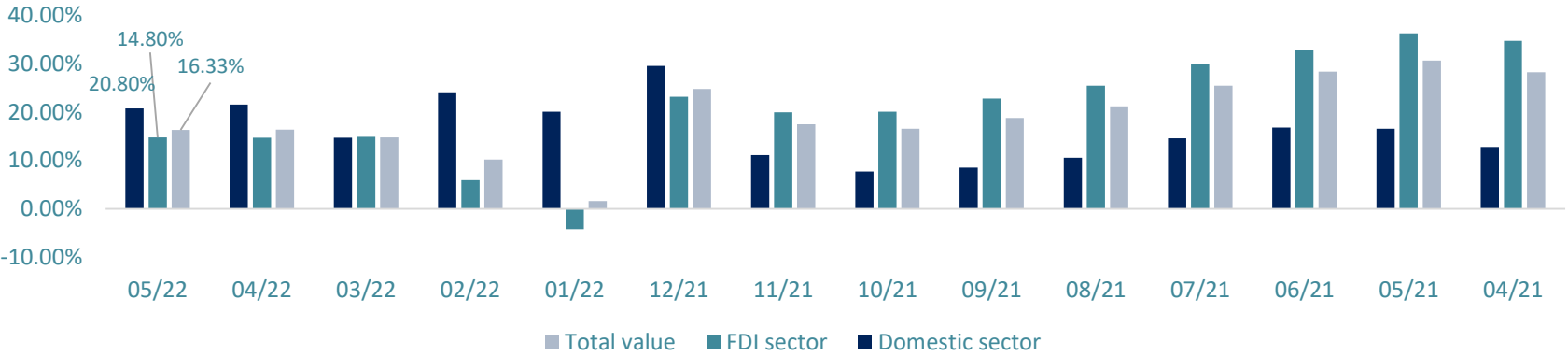




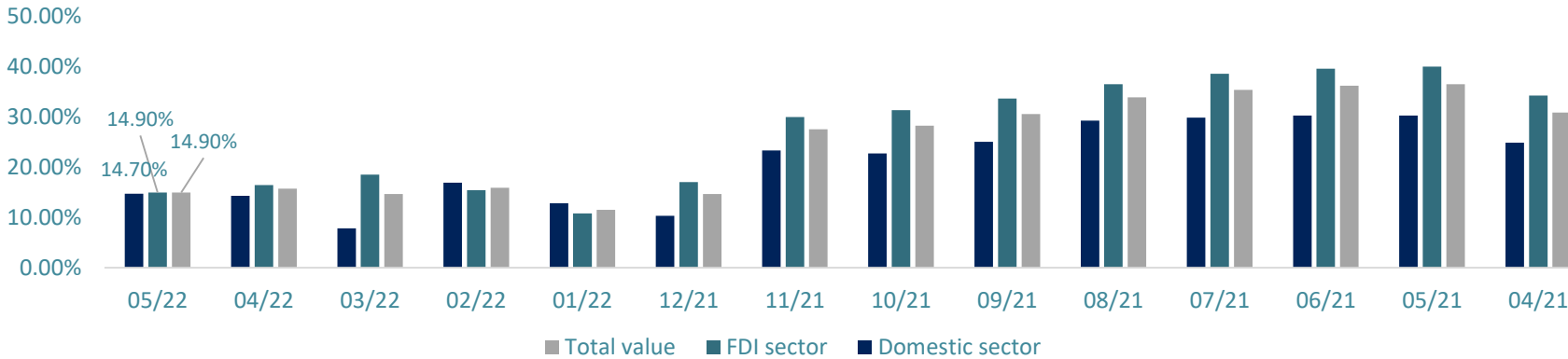
- ❖ Accumulated to the end of May, exports increased +16.4% YoY, while imports increased +14.9% YoY. Accumulated 5M.2022 is estimated to have a trade surplus of USD 0.51 billion.
- ❖ The growth rate of import and export decreased compared to the previous month. The large trade deficit was mainly due to the strong trade deficit of machinery and electronic equipment in the first half of May.
- ❖ BSC adjusts to the growth rate of exports at 16-17% YoY and imports at 14-15% YoY by the end of 2022. The reason for adjustment is high inflation in the US which is continuing to promote the shift of consumer demand for goods to hospitality in the United States.

## MACRO: STABLE IMPORT AND EXPORT GROWTH RATE

### Export accumulated 2022 YoY%



### Import accumulated 2022 YoY%



Source: GSO, BSC Research

# IMPORT-EXPORT MOVEMENTS: MAINTAINING POSITIVE

Export situation	%	04/21	05/21	06/21	07/21	08/21	09/21	10/21	11/21	12/21	01/22	02/22	03/22	04/22	05/22
Total Value (Month)	100%	51.0%	36.5%	17.4%	8.6%	-5.4%	-0.6%	0.2%	18.5%	25.1%	8.1%	16.0%	14.9%	25.5%	16.4%
Cell phones and accessories	17%	52.4%	22.4%	-9.5%	0.3%	10.3%	15.1%	-3.7%	22.6%	21.9%	-26.2%	4.4%	28.4%	51.8%	17.1%
Computers, electronic products and components	16%	28.3%	14.2%	1.3%	-13.9%	-11.9%	3.0%	8.3%	9.1%	23.1%	5.6%	13.9%	8.9%	14.7%	8.3%
Textiles	10%	52.8%	37.9%	15.3%	8.5%	-9.0%	-18.5%	-4.3%	24.9%	27.7%	34.2%	13.0%	17.5%	28.2%	20.4%
Other machinery, equipment, tools and spare parts	10%	85.7%	47.9%	20.6%	16.0%	11.6%	10.9%	13.0%	29.0%	36.3%	7.5%	18.4%	3.0%	21.6%	37.3%
Footwear	6%	42.8%	44.1%	38.1%	2.3%	-38.4%	-44.1%	-46.4%	-14.3%	11.4%	3.7%	11.2%	16.4%	17.4%	8.7%
Import situation	%	04/21	05/21	06/21	07/21	08/21	09/21	10/21	11/21	12/21	01/22	02/22	03/22	04/22	05/22
Total Value (Month)	100%	49.9%	55.5%	33.5%	31.7%	21.1%	9.5%	7.7%	20.7%	13.3%	11.3%	22.9%	14.8%	16.9%	14.0%
Computers, electronic products and components	24%	48.4%	28.1%	11.7%	11.8%	4.5%	8.3%	0.1%	19.1%	14.8%	25.8%	33.2%	34.2%	32.7%	21.4%
Other machinery, equipment, tools and spare parts	14%	31.8%	61.2%	36.2%	33.5%	25.0%	13.8%	5.5%	8.6%	-3.1%	0.4%	3.2%	-10.4%	-3.0%	-8.6%
Cell phones and accessories	6%	70.8%	88.3%	39.4%	42.9%	11.4%	1.6%	-2.3%	10.9%	9.4%	-12.2%	31.4%	48.5%	37.7%	20.0%
Fabrics of all kinds	4%	52.8%	62.0%	37.0%	20.9%	9.7%	1.8%	-5.0%	16.7%	11.9%	25.7%	20.5%	10.2%	2.9%	-0.4%
Steels	3%	52.1%	44.1%	75.2%	34.2%	51.7%	63.2%	65.7%	25.5%	43.1%	27.6%	28.5%	11.5%	-4.7%	38.8%

Source: Fiinpro, BSC Research

?: Monthly average proportion of merchandise over the specified period in the table

- ❖ CPI in May 2022 increased by +2.86% YoY, making the average CPI for the whole year reach 2.25% YoY. CPI increased month-on-month mainly due to:

- ✓ Domestic gasoline prices increase in line with world prices
- ✓ The prices of food, foodstuffs and meals outside the family increase in line with the price of input materials.

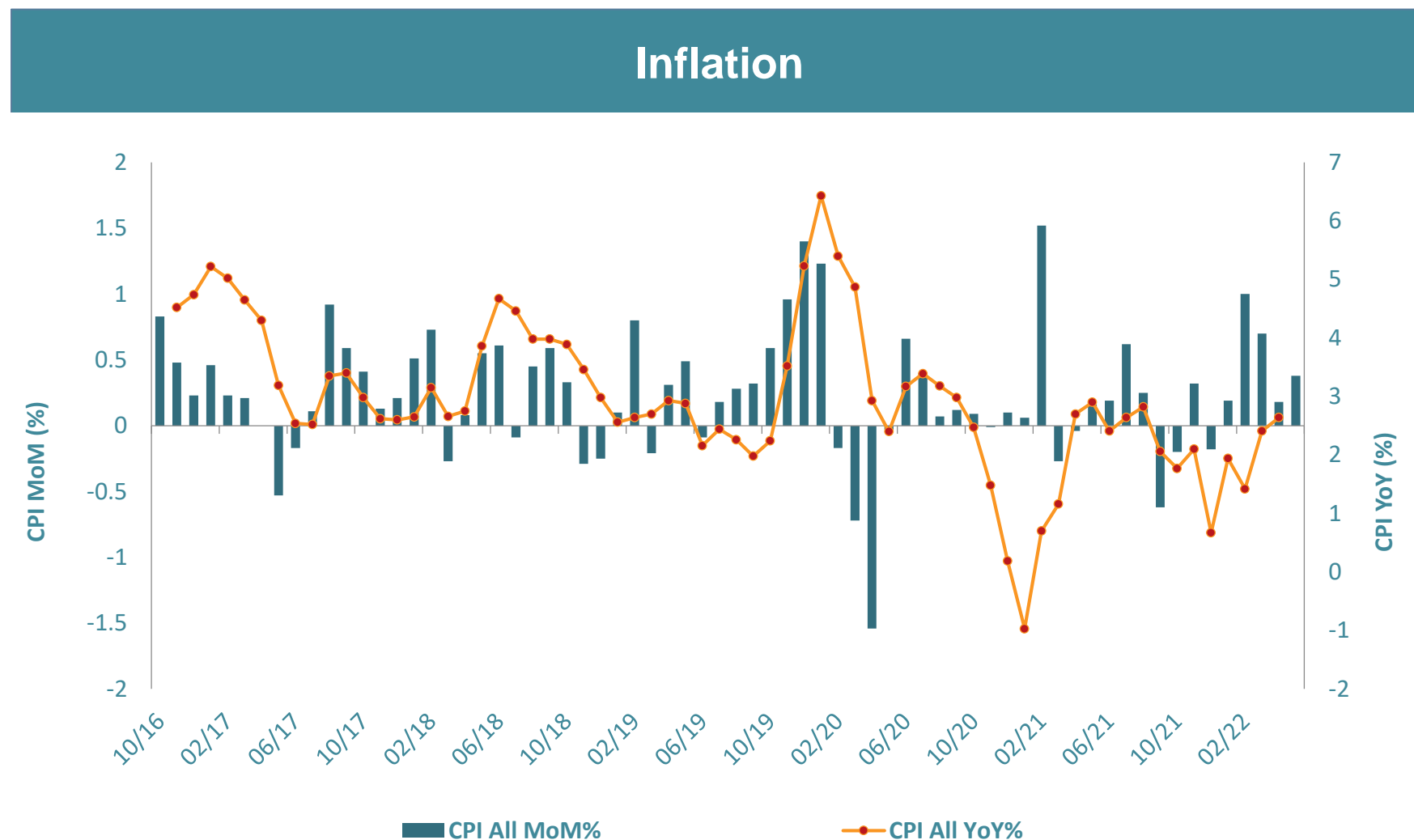
- ❖ BSC maintains 2022 CPI forecast to 3.6% in positive scenario and 5.1% in negative scenario as oil prices maintain high momentum. Main assumptions:

- ❖ (1) Average Brent price hovers around \$100 per barrel.

- ✓ (2) Pork price fluctuates from 55,000 - 80,000 VND / kg.

- ✓ (3) The prices of medical services, electricity rise sharply in the negative scenario and go sideways in the positive scenario.

## MACRO: INFLATION KEEPING HIGH



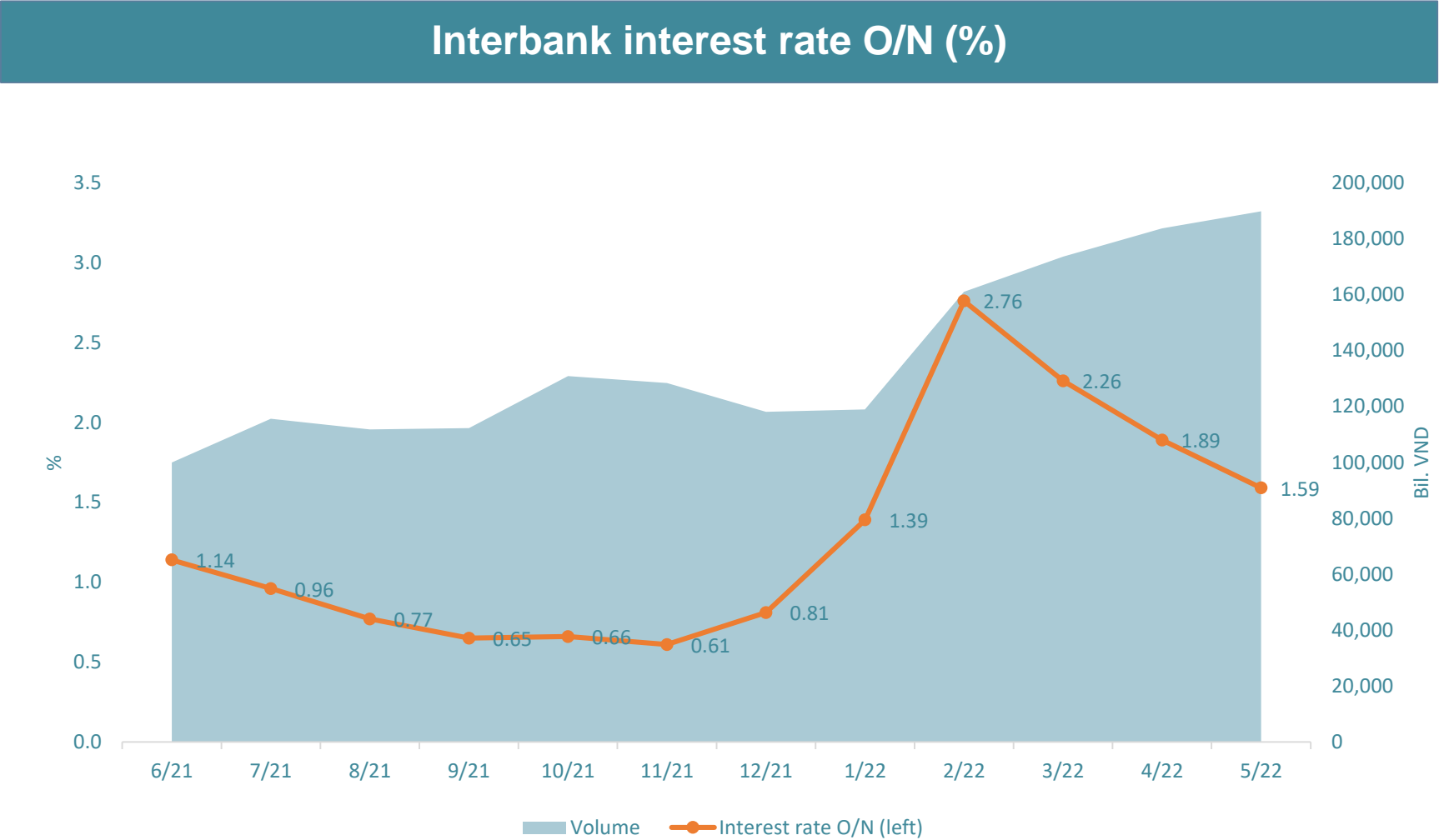
Source: Bloomberg, BSC Research



❖ The average interbank interest rate reached 1.59% in May and continued to decline to a stable level after the strong increase during Tet. **As of May 27th, 2022, credit growth increased by +7.75% YTD. This is the highest level of credit growth in the recent five-year period.**

❖ Core CPI increased by +1.61% YoY in May, bringing the 5-month average to 1.1%. Inflation maintained an uptrend but remained under SBV's control. However, if this situation continues, inflation is likely to exceed the government's target near the end of the third quarter of 2022.

# MACRO: INTERBANK INTEREST RATE DECLINED





# MACRO PICTURE

	5/19	6/19	7/19	8/19	9/19	10/19	11/19	12/19	1/20	2/20	3/20	4/20	5/20	6/20	7/20	8/20	9/20	10/20	11/20	12/20	1/21	2/21	3/21	4/21	5/21	6/21	7/21	8/21	9/21	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22
Retail Sales + Customer Services	11.6%	11.5%	11.6%	11.5%	11.6%	11.8%	11.8%	11.8%	10.2%	8.3%	4.7%	-4.3%	-3.9%	-0.8%	-0.4%	0.0%	0.7%	1.3%	2.0%	2.6%	6.4%	5.5%	5.1%	10.0%	7.6%	4.9%	0.7%	-4.7%	-7.1%	-8.6%	-8.7%	-3.8%	1.3%	1.7%	4.4%	6.5%	9.7%
Retail Sales	12.7%	12.5%	12.5%	12.5%	12.6%	12.8%	12.7%	12.7%	10.7%	9.8%	7.7%	0.4%	1.2%	3.4%	3.6%	4.0%	4.8%	5.4%	6.2%	6.8%	8.7%	7.8%	6.8%	9.8%	7.8%	6.2%	3.2%	-1.4%	-3.4%	-4.6%	-4.3%	0.2%	4.3%	3.1%	5.8%	7.6%	9.8%
Hospitality	9.2%	9.8%	10.0%	9.8%	9.6%	9.6%	9.6%	9.8%	6.8%	1.7%	-9.6%	-23.6%	-25.8%	-18.1%	-16.6%	-16.4%	-15.0%	-14.7%	-13.7%	-13.0%	-4.1%	-4.3%	-3.0%	10.1%	4.6%	-2.7%	-11.8%	-19.8%	-22.1%	-23.8%	-26.0%	-19.3%	-11.9%	-1.8%	1.2%	5.2%	15.7%
Travelling	12.4%	13.3%	12.5%	12.1%	12.0%	11.9%	12.2%	12.1%	7.4%	1.1%	-27.8%	-45.2%	-54.1%	-53.2%	-55.4%	-54.4%	-56.3%	-57.7%	-58.6%	-59.5%	-62.2%	-62.1%	-60.1%	-49.2%	-48.2%	-51.8%	-58.8%	-61.8%	-64.0%	-63.8%	-63.0%	-59.9%	-35.6%	-10.9%	1.9%	10.5%	34.7%
Other services	6.1%	6.3%	6.7%	7.0%	7.3%	7.7%	8.1%	8.5%	10.7%	5.2%	1.5%	-13.2%	-11.8%	-7.4%	-5.9%	-5.7%	-5.6%	-5.4%	-4.8%	-4.0%	7.3%	3.0%	3.9%	15.0%	10.9%	4.4%	-4.2%	-13.6%	-19.4%	-22.6%	-23.8%	-16.8%	-8.1%	-5.9%	-2.5%	-0.6%	2.5%
Index of Industrial Production	9.4%	9.5%	9.4%	9.5%	9.6%	9.5%	9.3%	9.1%	-5.5%	6.2%	5.8%	1.8%	1.0%	2.8%	2.6%	2.2%	2.4%	2.7%	3.1%	3.4%	22.2%	7.3%	5.7%	10.0%	9.9%	9.3%	7.9%	5.6%	4.1%	3.3%	3.6%	4.8%	2.4%	5.4%	6.4%	7.5%	8.3%
Mining	-0.1%	1.2%	1.1%	2.5%	1.3%	1.2%	0.8%	0.9%	-12.9%	-3.7%	-5.2%	-6.8%	-8.1%	-7.9%	-7.8%	-7.0%	-7.4%	-8.1%	-7.1%	-7.8%	-6.2%	-11.0%	-8.2%	-5.7%	-7.0%	-6.0%	-6.3%	-6.2%	-6.4%	-7.0%	-6.0%	-5.8%	-4.6%	-2.8%	1.0%	2.6%	4.1%
Manufacturing	10.9%	10.8%	10.7%	10.6%	10.8%	10.8%	10.6%	10.4%	-4.8%	7.3%	7.2%	3.0%	2.2%	4.6%	4.2%	3.7%	3.8%	4.2%	4.7%	4.9%	27.2%	10.4%	8.0%	12.7%	12.6%	11.6%	9.9%	7.0%	5.5%	4.5%	4.8%	6.0%	2.8%	6.1%	7.0%	8.3%	9.2%
Electricity production	10.3%	9.8%	10.0%	10.2%	10.2%	9.9%	9.5%	8.7%	-3.5%	8.4%	7.1%	2.9%	2.6%	2.0%	2.1%	2.0%	2.8%	3.2%	3.2%	3.1%	16.3%	4.3%	2.5%	6.6%	8.3%	8.6%	8.2%	6.6%	4.3%	4.1%	3.8%	4.9%	5.1%	6.5%	7.1%	6.6%	5.5%
Water supply	7.9%	7.4%	7.6%	7.4%	7.2%	7.2%	6.7%	6.8%	1.6%	4.9%	6.3%	3.6%	2.9%	2.8%	3.3%	2.9%	3.3%	4.1%	4.0%	4.3%	8.4%	4.8%	7.3%	7.5%	7.5%	6.8%	5.6%	4.4%	3.6%	3.4%	3.0%	2.7%	1.2%	2.5%	5.3%	1.1%	2.5%
PMI	52.0	52.5	52.6	51.4	50.5	50.0	51.0	50.8	50.6	49.0	41.9	32.7	42.7	51.1	47.6	45.7	52.2	51.8	49.9	51.7	51.3	51.6	53.6	54.7	53.1	44.1	45.1	40.2	40.2	52.1	52.2	52.5	53.7	54.3	51.7	51.7	54.7
Export	7.2%	7.3%	8.2%	8.1%	8.5%	8.3%	8.0%	8.5%	-17.0%	8.2%	7.4%	2.1%	-0.9%	0.2%	1.5%	2.4%	4.1%	4.8%	5.3%	6.5%	50.5%	23.2%	22.0%	28.3%	30.7%	28.4%	25.5%	21.2%	18.8%	16.6%	17.5%	19.0%	1.6%	10.2%	12.9%	16.4%	16.3%
Import	10.8%	9.1%	9.2%	7.9%	8.3%	7.7%	6.7%	6.9%	-12.5%	3.0%	3.6%	-0.5%	-4.8%	-3.0%	-3.2%	-2.4%	-0.8%	0.4%	1.5%	3.6%	41.0%	25.9%	26.3%	30.8%	36.4%	36.1%	35.3%	33.8%	30.5%	28.2%	27.5%	26.5%	11.5%	15.9%	15.9%	15.7%	14.9%
State budget disbursement	3.6%	3.8%	3.0%	3.1%	4.4%	4.9%	5.2%	5.6%	3.6%	22.2%	17.0%	14.0%	16.8%	19.8%	28.3%	32.4%	35.3%	36.2%	35.8%	34.5%	24.5%	10.6%	13.0%	16.3%	14.2%	10.2%	5.6%	-0.4%	-6.9%	-8.3%	-8.7%	-8.6%	8.6%	10.4%	10.6%	9.1%	9.5%
FDI realised	8.1%	8.7%	7.1%	6.3%	7.3%	7.4%	6.8%	6.7%	3.2%	-5.0%	-6.6%	-9.6%	-8.2%	-4.9%	-4.1%	-5.1%	-3.2%	-2.5%	-2.4%	-2.0%	4.1%	2.0%	6.5%	6.8%	6.7%	6.8%	3.8%	2.0%	-3.5%	-4.1%	-4.2%	-1.2%	6.8%	7.2%	7.8%	7.6%	7.8%
FDI registered	27.1%	-36.3%	-35.6%	-31.2%	-19.9%	-15.2%	-11.4%	-11.8%	318.7%	71.0%	28.8%	32.2%	19.9%	17.5%	21.2%	11.4%	-1.8%	-5.1%	-3.2%	-6.6%	-62.5%	-12.9%	41.4%	13.7%	16.4%	12.4%	3.5%	11.6%	22.3%	15.8%	11.0%	15.2%	-7.7%	-14.0%	-22.0%	-19.8%	-23.3%
CPI core YoY	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.2%	2.8%	3.3%	2.9%	3.0%	2.7%	2.5%	2.5%	2.3%	2.2%	2.0%	1.9%	1.6%	0.2%	-1.0%	0.8%	0.7%	1.0%	1.1%	1.1%	1.0%	1.0%	0.7%	0.5%	0.6%	0.7%	0.7%	0.7%	1.1%	2.6%	1.6%
CPI YoY	2.9%	2.2%	2.4%	2.3%	2.0%	2.2%	3.5%	5.2%	6.4%	5.4%	4.9%	2.9%	2.4%	3.2%	3.4%	3.2%	3.0%	2.5%	1.5%	1.0%	0.5%	0.7%	1.2%	2.7%	2.9%	2.4%	2.6%	2.8%	2.1%	1.8%	2.1%	1.8%	1.9%	1.4%	2.4%	1.5%	2.9%
Credit growth ΔYTD%	-0.4%	-0.5%	-0.6%	-0.8%	-0.9%	-1.1%	-1.3%	-0.2%	-1.8%	-0.9%	-1.8%	-3.1%	-3.8%	-3.7%	-3.4%	-3.3%	-3.3%	-3.2%	-2.6%	-1.5%	0.7%	0.5%	1.6%	2.8%	3.0%	2.8%	2.9%	2.6%	1.8%	2.0%	2.4%	1.4%	1.7%	2.0%	3.0%	2.6%	2.8%
Total means of payment ΔYTD%	-1.5%	-1.3%	-0.9%	-0.5%	0.4%	0.2%	0.9%	2.3%	-1.3%	-0.9%	-1.2%	-1.7%	-2.0%	-2.0%	-1.5%	-1.0%	-0.8%	-0.8%	-0.6%	-0.2%	-1.0%	0.0%	0.3%	1.0%	0.3%	-0.7%	-0.8%	-1.7%	-2.3%	-2.7%	-3.3%	-3.9%	1.8%	0.8%	1.5%		
Interest O/N (%)	3.02%	3.06%	2.88%	2.98%	2.56%	1.72%	2.40%	2.92%	1.63%	2.10%	1.96%	2.15%	1.06%	0.22%	0.11%	0.14%	0.10%	0.10%	0.10%	0.10%	0.10%	0.88%	0.17%	0.27%	1.27%	1.14%	0.96%	0.77%	0.65%	0.65%	0.63%	0.81%	1.39%	2.76%	2.24%	1.89%	1.6%





**MARKET MAY 2022**

**The market corrected**





# MARKET: FORECAST FOR JUNE 2022

## SCENARIO 1

VN-Index will continue its recovering trend after a series of declines when it returns to test the range of 1,350 - 1,380 with positive market sentiment along with movements from foreign investors. The motivation will come from the Government's determination as the support package of VND 40,000 billion begins to be implemented, the epidemic situation in China showing signs of improvement, commodity prices moving in a positive direction. The market will diverge when beneficial stocks with good Q2 results, are expected to play a leading role.

## SCENARIO 2

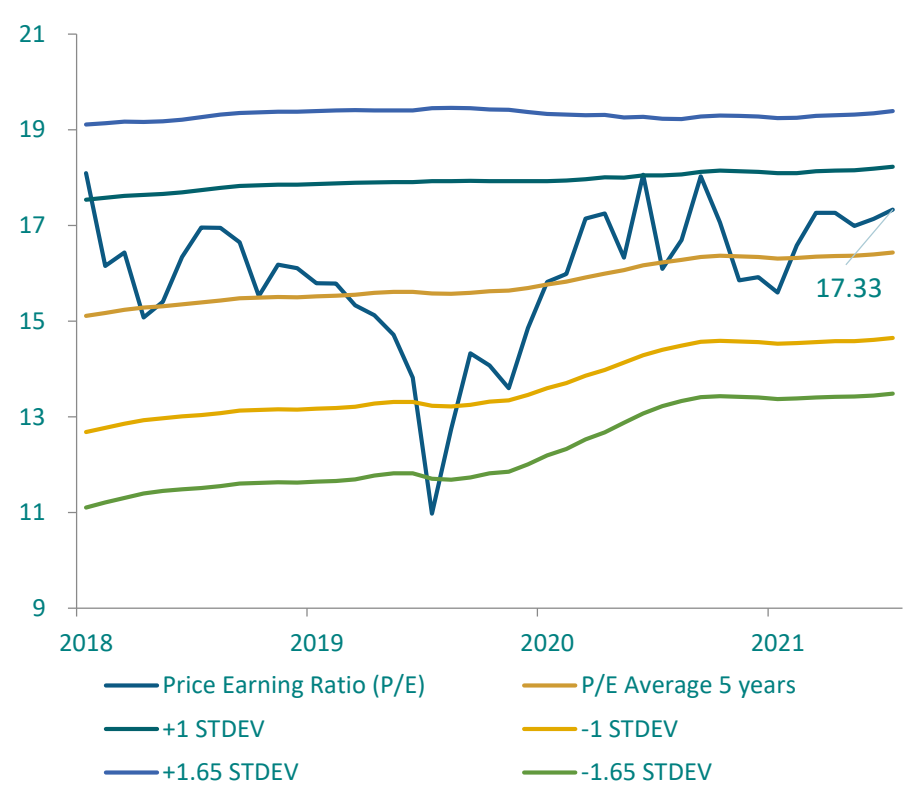
The price of input materials will continue to increase, putting pressure on inflation and domestic macro-management policy, and at the same time, the negative and cautious sentiment returned. Besides, the situation of the Covid-19 epidemic in China will develop in a bad way, affecting the global supply chain. On the other hand, the FED will start raising interest rates and narrowing the economic balance sheet according to the schedule along with new sanctions packages from the US and the West applied to Russia - causing anxiety in the market. VN-Index is forecasted to fluctuate in the range of 1,240 – 1,250



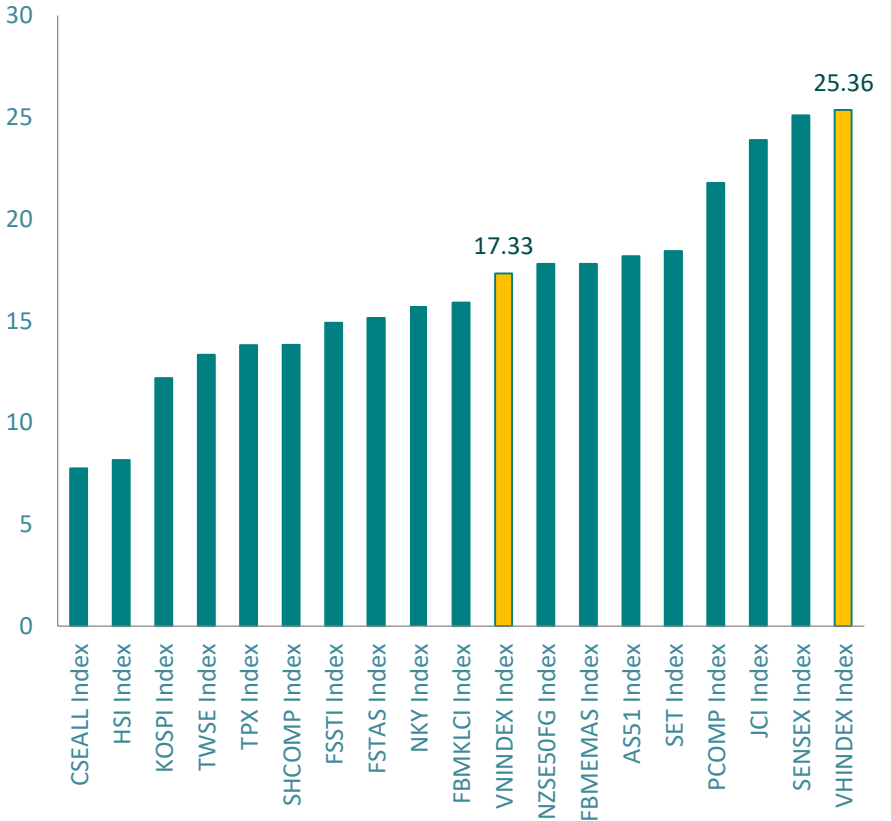
- ❖ VN-Index and HNX-Index continued to witness strong declines in May 2022 when VN-Index decreased by -5.42%, HNX-Index decreased by -13.69%.
- ❖ VN-Index decreased from the beginning of the month and showed signs of recovery from the middle of the month onwards; HNX-Index was more negative when the recovery span appeared at the end of the month.
- ❖ P/E VN-Index ended May at 13.89 times, down -5.68% compared to April, and lower than 16.37 times of the 5-year average P/E. The P/E of VN-Index is currently at an attractive valuation when it ranks 7th in Asia, after losing sessions, P/E HNX-Index is at 16.16 times – 11th in Asia.
- ❖ P/E VN-Index is forecasted to return to move in the range of 14.0-14.5 when market sentiment stabilizes and the economy continues to show positive recovery signals.

**MARKET: VN-INDEX'S P/E IS IN THE 7<sup>TH</sup> POSITION IN ASIA**

**P/E ratio VNindex**



**Vietnam P/E compared to region**



Source: Bloomberg, BSC Research

- ❖ The sharp downward correction saw 08/11 groups of tier 1 sectors decline. Negative sentiment occurred in most of the sectors. However, the recovery in the middle of the month helped the sectors to be less negative.
- ❖ Materials, Telecommunications, and Banking were the three groups with the strongest declines, losing -13.4%, -9.48% and -7.05%, respectively.
- ❖ Oil and Gas, Community utilities and IT were the three groups that gained points with an increase of +9.09%, +4.65% and +2.93%, respectively.
- ❖ There are 2/11 sectors with P/E below the market average of 13.89 times. Only 3/11 have increased P/B compared to April 2022.

## MARKET: DIFFERENTIATED WITH 3/11 TIER INDUSTRIES GAINING POINTS IN MAY 2022

### INDUSTRY DEVELOPMENT



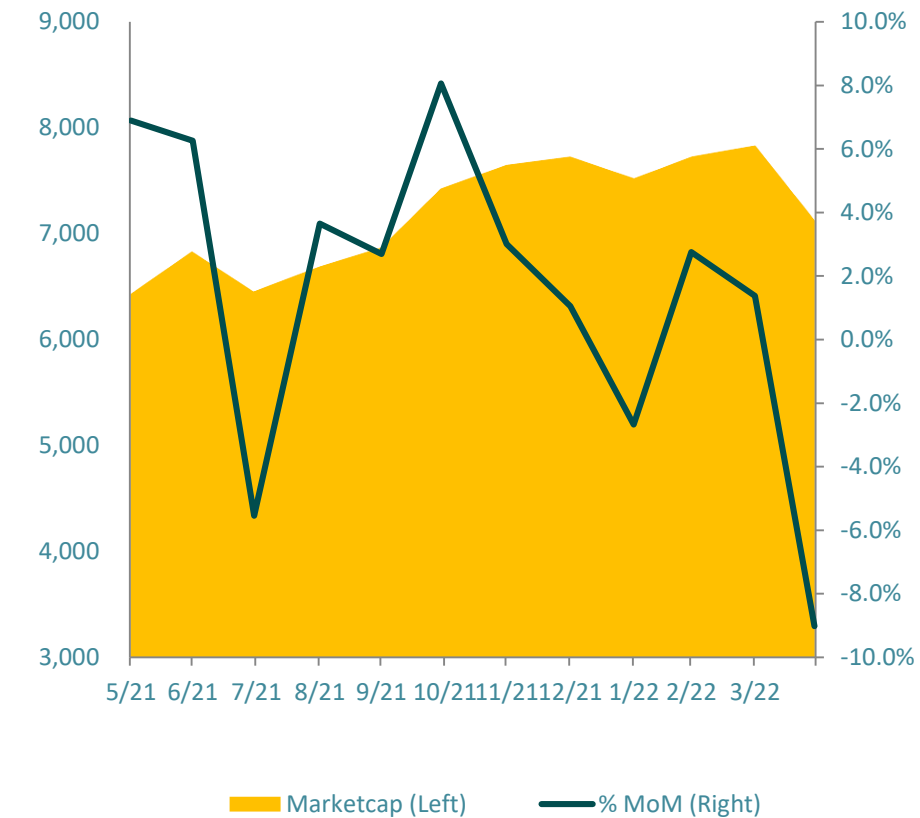
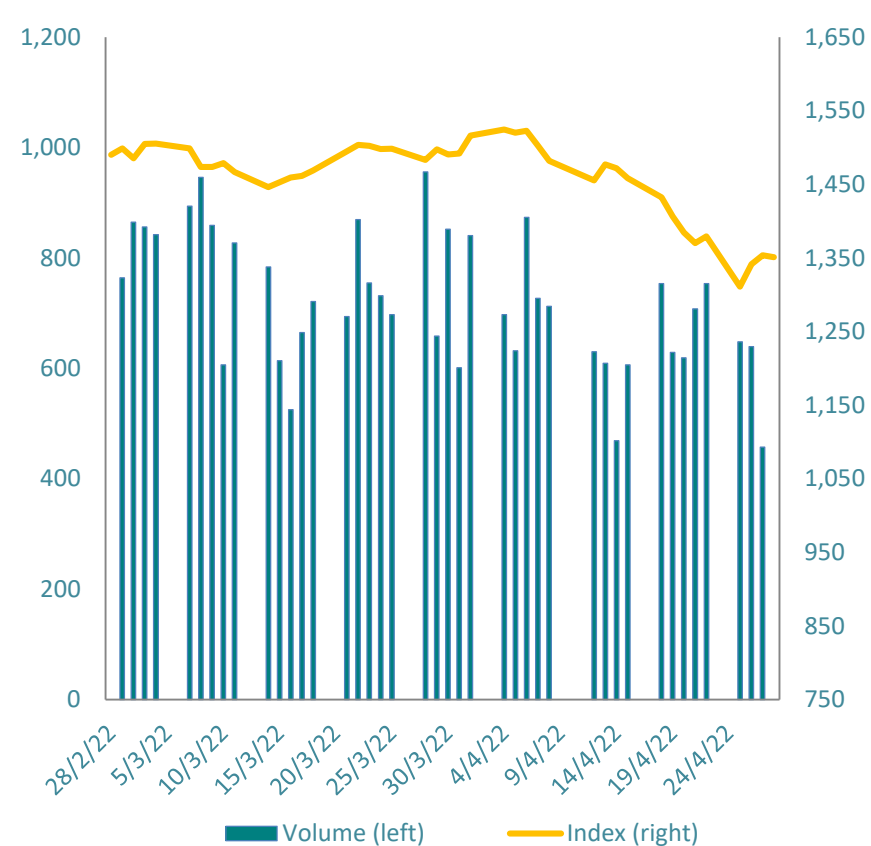
Sector	%Mom	P/E	± %	P/B	± %
Oil and Gas	-18.40%	14.66	-41.79%	1.62	-35.35%
Materials	-9.59%	8.69	-65.69%	1.98	-23.07%
Industry	-12.27%	22.86	-5.82%	2.32	-6.32%
Consumer goods	-5.65%	16.98	2.33%	3.00	26.99%
Pharmaceutical	-6.89%	16.67	-19.46%	1.95	11.20%
Consumer service	-6.27%	-	-	4.48	48.25%
Telecommunication	-5.13%	126.83	-	3.64	-4.63%
Community utilities	-5.02%	16.41	7.29%	2.10	21.10%
Finance	-10.54%	20.61	-37.39%	2.64	-19.76%
Banking	-8.76%	11.43	-3.31%	1.95	-1.56%
Information Technology	-3.87%	20.43	159.49%	3.50	427.49%

- ❖ Total market capitalization in May decreased by -5.71% compared to the end of April 2022.
- ❖ In May, the market continued to witness many strong decline sessions at the beginning of the month, especially VN-Index decreased by more than 10% in 3 consecutive sessions (May 13-16). The VN-Index reached 1,171.95 points but then the market recovered and was positive at the end of the month.
- ❖ Average trading value reached USD 770.24 million/session, down -31.93% compared to April. Liquidity in May continued to decline. Negative sentiment covered the market and there was not much supportive information.
- ❖ Liquidity is forecasted to return to USD 0.8-1.1 billion/session when VN-Index moves in the range of 1,350 - 1,380 points as the positive sentiment returns and the cash flow begins to enter the market again.

**MARKET: TOTAL MARKET CAPITALIZATION OF 3 STOCK EXCHANGES REACHED VND 6.72 MILLION BILLION**

**Liquidity in May 2022 decreased by -31.93% compared to April 2022**

**Total market capitalization decreased by -5.71% compared to April 2022**



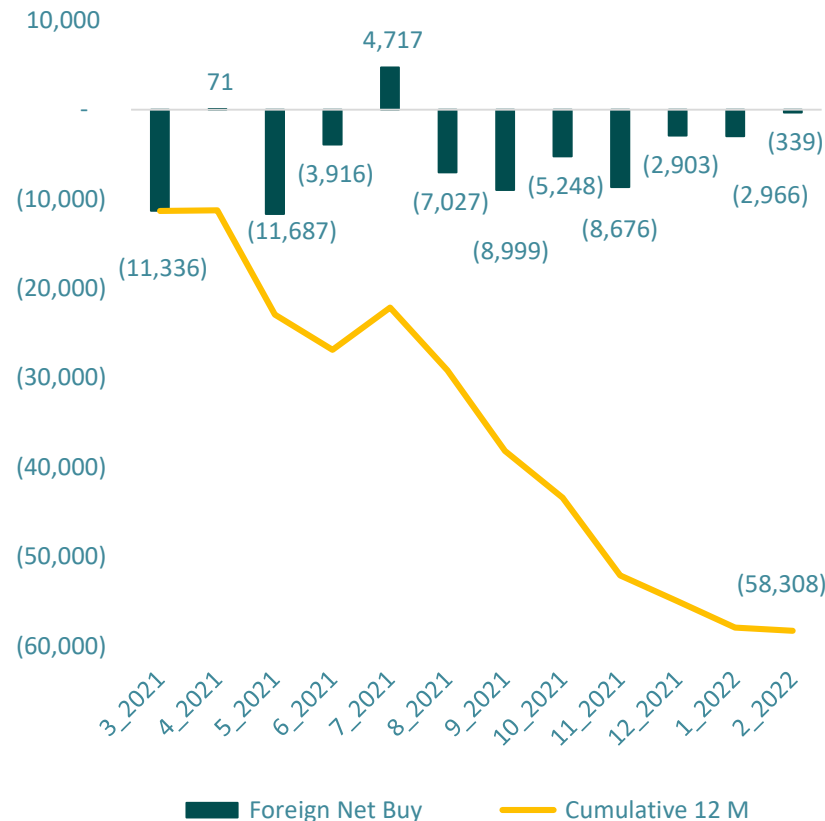
Source: Bloomberg, BSC Research



- ❖ Foreign investors continued to be a bright spot when they returned to be net buyers as the market dropped. The net buying value in May reached VND 3,186 billion (slightly decreased compared to April). Foreign investors net sold in the last 9/12 months with accumulated net selling value of VND -43,840 billion.
- ❖ FUEVFND, NLG and DPM were the three stocks that were focused on the most by foreign investors, of which FUEVFND was net bought VND 2,563 billion. On the other side, HPG, SSI were sold the most with the value of VND -848 billion and VND -728 billion respectively.
- ❖ ETF traded divergently in May when ETF Diamond, Fubon FTSE, E1 continued to increase in size by USD 132.88 million, USD 80.55 million and USD 51.96 million respectively while ETF iShare, Kim, FTSE decreased by USD -17.76 million, USD -16.96 million and USD -3.3 million, respectively.
- ❖ The trend of net buying is expected to remain in June, however the value may not be high when the Fed starts the roadmap to reduce interest rates and narrow the financial statements, and major central banks start raising interest rates.

## MARKET: FOREIGN INVESTORS CONTINUED BUYING IN MAY 2022

### Foreign investors accumulated net selling of 43,840 billion in 12M



Source: Bloomberg, BSC Research

Stock	Value (VND billion)	Stock	Value (VND billion)
FUEVFVND	2,563	HPG	(848)
NLG	468	SSI	(728)
DPM	464	VIC	(329)
CTG	428	E1VFN30	(290)
FPT	388	VCB	(211)
DCM	331	VND	(193)
VHM	284	NVL	(162)
HDB	239	KDH	(128)
DGC	234	PNJ	(123)
MSN	201	NKG	(107)

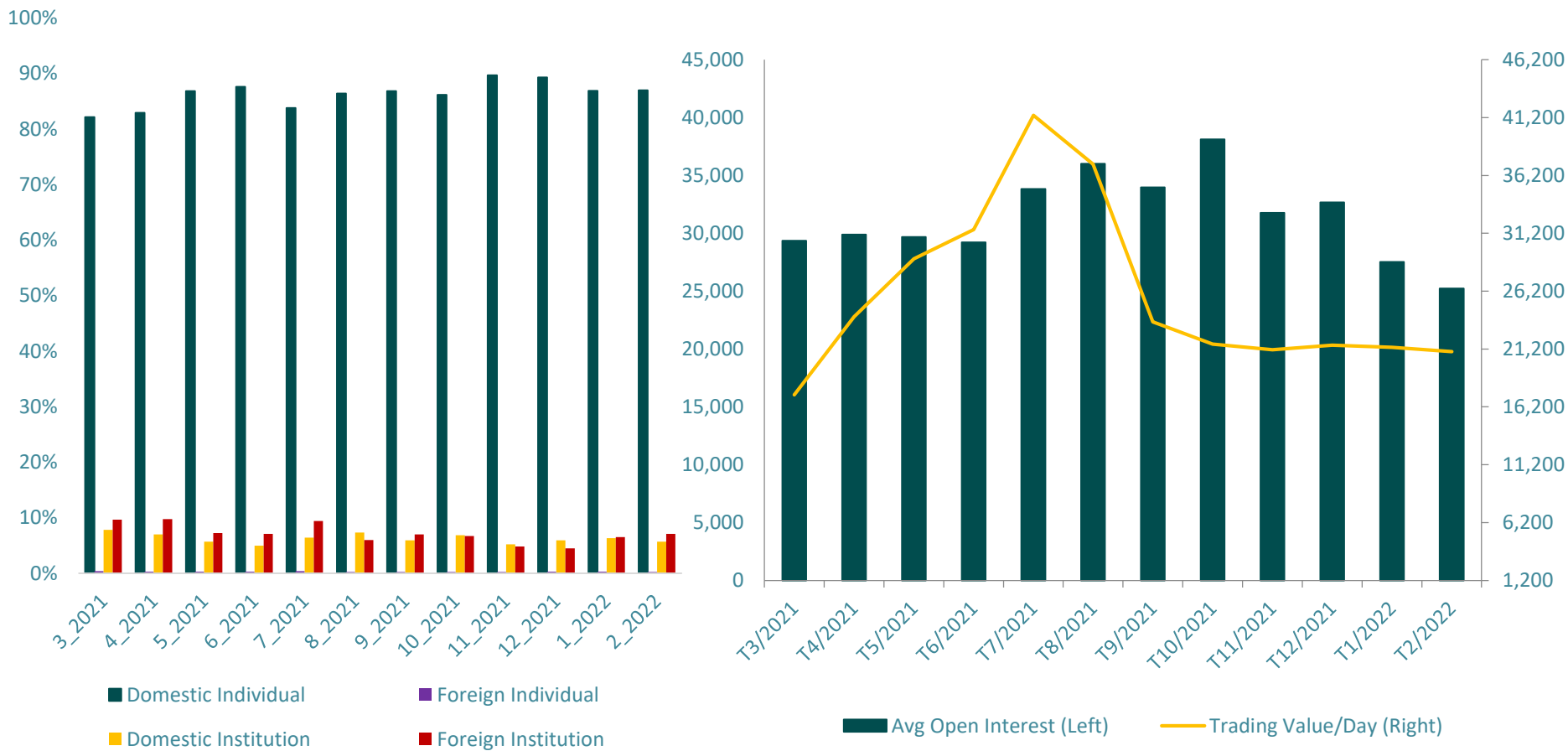
Table of net trading value of foreign investors on HOSE in May 2022

- ❖ In May, the total trading value continued to have a significant decline (decreased by -31.66% compared to April), in which individual investors continued to play the leading role but also decreased.
- ❖ Domestic individual investors accounted for 82.2% of the market, down -2.66% from the previous month and down -5.07% compared to the 12-month average. The group of foreign and institutional investors continued to be active. The foreign organizations trade increased by +22.02% compared to April 2022.
- ❖ May 2022 continued to witness the growth of the derivatives stock market as the trading volume and Open Interest Volume (OI) continued to maintain a positive trend.
- ❖ The average daily volume of futures contracts in May increased by nearly +40% compared to April, while open sales remained at a fairly high level. However, compared to April 2022, OI decreased by -17.5%. This shows that market participants have been more cautious.

## MARKET: LOCAL INVESTORS KEPT THE MAJOR ROLE; FOREIGN INVESTORS TRANSACTIONS WERE POSITIVE IN MAY 2022

**Domestic investors' transactions decreased by -2.77% compared to the average of 12 months**

**Average trading value of April futures contracts increased by +52.77% MoM**

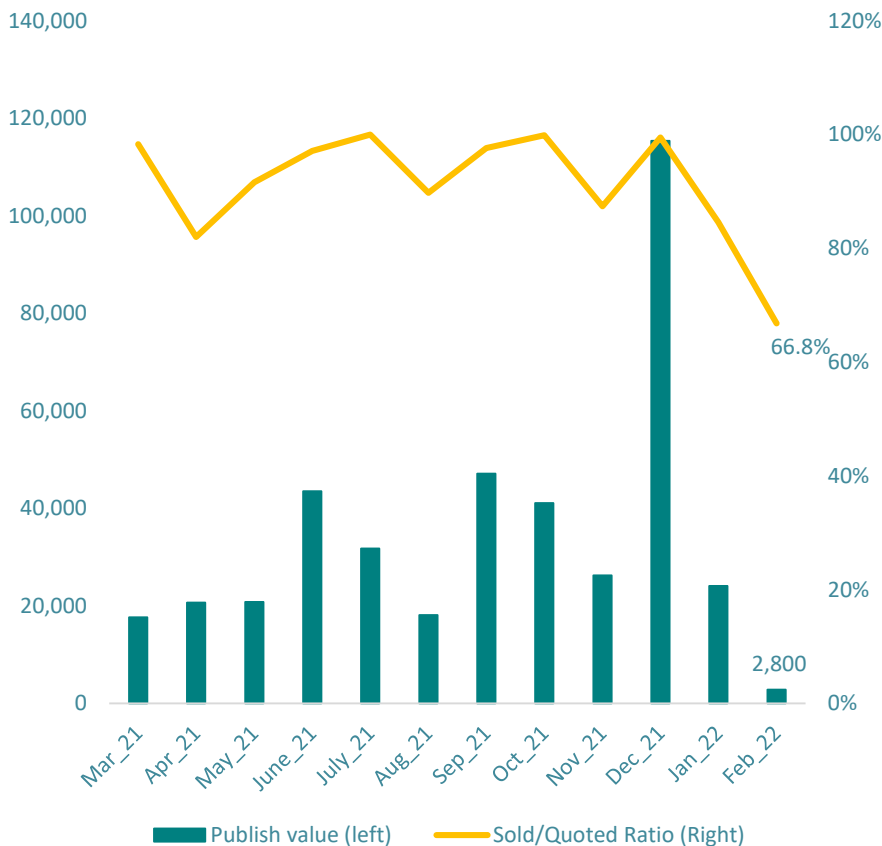


Source: Bloomberg, BSC Research

- ❖ As of May 31st, the total value of corporate bonds issued in May reached VND 37,028 billion - an increase of +42.53% compared to April, of which Vingroup issued corporate bonds with a total value of USD 525 million;
- ❖ 37 bonds were issued in May 2022 and all bonds were issued successfully;
- ❖ The average maturity of bonds issued in May was 5.1 years, higher than the last 12 months average of 3.6 years;
- ❖ The impact of Circular 16 of the State Bank and the move to make the corporate bond market transparent in recent years has affected the market's sentiment.
- ❖ By the end of April 2022, the amount of corporate bonds bought back before maturity had been about VND 24,700 billion - accounting for about 1.8% of the total outstanding loans of corporate bonds.

## MARKET: CORPORATE BONDS MAY 2022 – RECOVERY SIGNAL

### The rate of buying/offering bonds in May reached 100%



Month	Number of bonds issued	Average yield to maturity	Issuance value
May_21	77	3.8	42,200
June_21	25	3.8	31,777
July_21	53	4.5	18,070
August_21	73	2.9	47,128
September_21	39	3.4	41,059
October_21	43	5.4	26,234
November_2021	137	3.7	115,377
December_21	32	3.0	25,444
January 1_22	20	2.8	8,913
February_22	33	2.3	20,835
March_22	48	3.1	25,978
April_22	37	5.1	37,028
<b>Total</b>	<b>617</b>		<b>440,043</b>

Source: Bloomberg, BSC Research

# FACTORS AFFECTING MARKET IN JUNE 2022

## Event

## Impact on stock market

- ❖ The economy is recovering and maintain positive growth. In addition, the Government is trying to implement 12 key solutions to accomplish the tasks in 2022.;
- ❖ The State Bank issued Circular No. 03/2022 guiding commercial banks to support interest rates according to Decree No. 31/2022/ND-CP dated May 20th, 2022 (scale of 40,000 billion VND – 2% interest rate support);
- ❖ The Government issued Decree No. 36/2022/ND-CP dated May 30th, 2022 on interest rate support for loans from the Bank for Social Policies under Resolution No. 43/2022/QH15 on restoring socio-economic development;
- ❖ The Government issued Decree No. 34/2022/ND-CP dated May 28th, 2022 on extending the deadline for payment of VAT, personal income tax and land rent in the year 2022;
- ❖ Foreign investors maintain their net buying activity but the scale may decrease when the FED, ECB and other central banks start the process of raising interest rates with a stronger degree to control inflation.;
- ❖ FED started the roadmap to narrow the economic balance sheet and forecasted that it might raise interest rates by 0.5% each time at the next meetings. Besides, the ECB sent a message that it would raise interest rates at the beginning of the third quarter of 2022;
- ❖ The global supply chain will be affected if the Covid-19 epidemic situation in China continues to be complicated;
- ❖ The European Union implements new sanctions against Russia, while the conflict between Russia and Ukraine continues to drag on, which could cause tension for other countries in the region..

- ❖ Positive
- ❖ Positive
- ❖ Positive
- ❖ Positive
- ❖ Cautious sentiment, foreign investors' cash flow may be affected
- ❖ The risk increases, the stock market becomes less attractive
- ❖ Inflation may continue to rise
- ❖ Causing psychological instability, inhibiting world economic growth;



## INVESTMENT STRATEGIES IN JUNE 2022

BSC has issued an industries prospect report for the second quarter of 2022 (Refer to the [link](#)), in the current context, BSC recommends a number of sectors and stocks that can be allocated to the portfolio, specifically:

- ❖ The group of public investment, infrastructure, and FDI attraction includes: Real Estate Industry, Industrial Parks (BCM, LHG, KBC...), Commercial Real Estate Industry (VHM, DXG, NLG...);
- ❖ Group to recover world demand after Covid-19: port & transportation industry (GMD, VSC), fishery industry (VHC, ANV...), textile industry (MSH, TNG...);
- ❖ Post-Covid-19 economic recovery group: Information Technology - Posts and Telecommunications (FPT, CTR...), Banking (MBB, VCB, TCB...), Consumer - retail (MWG, PNJ...), Chemical, Fertilizer industry (DPM, DGC...), Power industry (REE, PC1...);
- ❖ Investors need to keep an eye on the movements of VND exchange rates against major currencies when the US begins to lower tariff barriers against China ([Link](#)), the process of narrowing the economic balance sheet of the Fed ([Link](#)) and the impact of this process ([Link](#)). Refer to the report on goods ([Link](#))

# Disclaimer

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## APPENDIX: RECENT REPORTS OF BSC

### REPORT LIST:

- [Macro Market Outlook 2022](#)
- [Report on investment opportunities after social distancing](#)
- [Insurance report](#)
- [Bank statements](#)
- [Public investment report](#)
- [US - Vietnam Trade Report](#)
- [Report on commodity price trends](#)

(click for detailed report)

## APPENDIX: OUTSTANDING THEMATIC REPORTS

### REFERENCES REPORT

- [Assessing the impact of the military campaign between Russia and Ukraine on the economy and the stock market](#)
- [Trends of oil price movement in the world](#)
- [VN-Index's reaction to the Fed's decision to tighten monetary policy](#)
- [The movement trend of inflation in the world](#)
- [Evaluation of “Socio-economic recovery and development program”](#)

(click to view report)



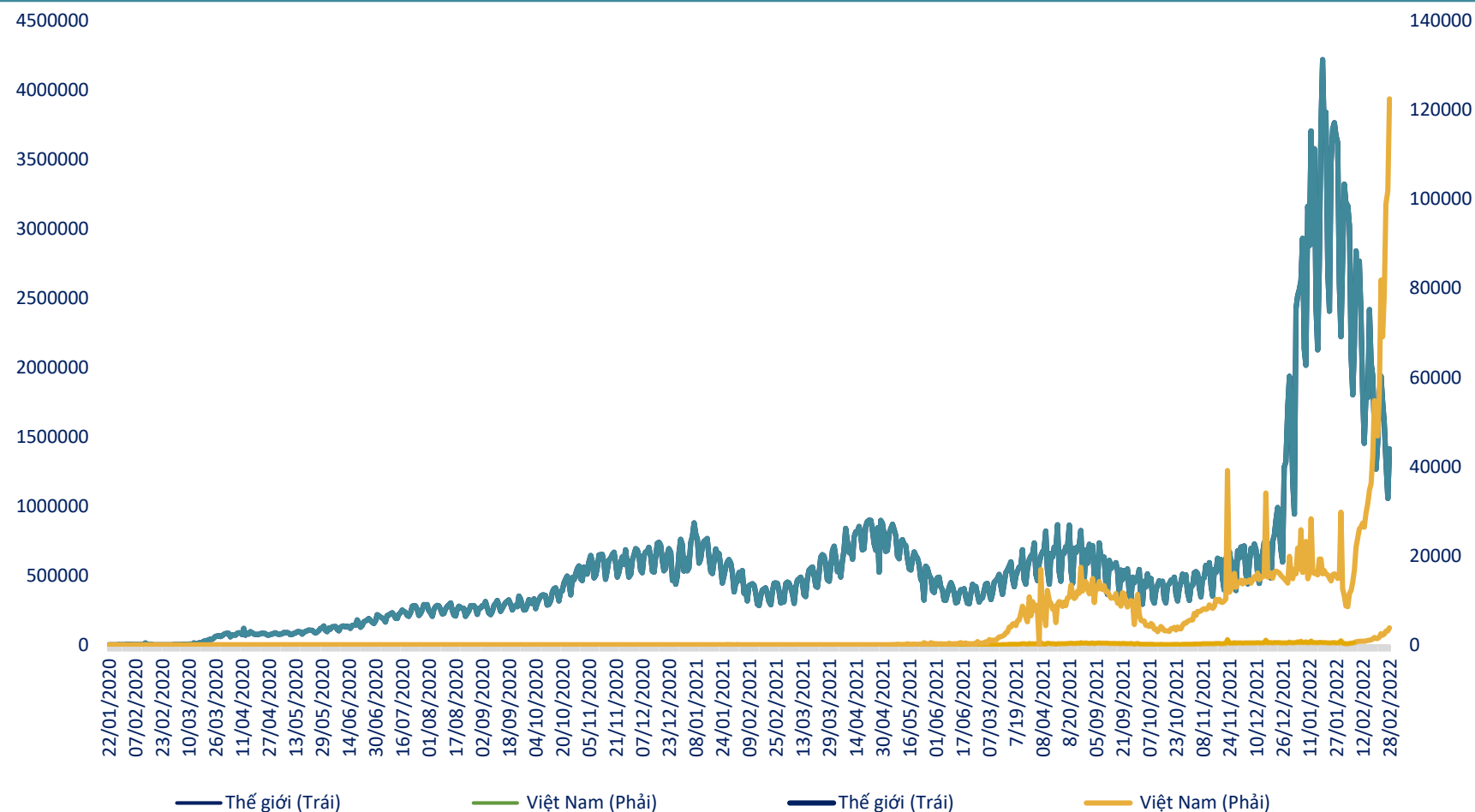
❖ **WORLD:** The world had 528,996,258 cases as of May 29, 2022. The rate of COVID-19 infections declines when vaccination against COVID-19 is effective and no new strains appear.

❖ **VIETNAM:** There were 10,717,251 cases of COVID-19 as of May 29th, 2022. The number of infections decreased sharply and returned to the level of 2020. The optimistic signal of the economy is quite positive.

❖ **COVID 19 VACCINE:** As of the late afternoon of May 25, Vietnam had injected 86.6% of the total population. The number of people who have been vaccinated with 2 doses is 81.2% of the total population.

## APPENDIX: END OF COVID-19?

### Evolution of the COVID-19 epidemic (number of new cases per day)



Source: WHO, BSC Research

## APPENDIX: Economic Stimulus Package (SP) – the comparison

Target	US	Germany	France	Japan	South Korea	Singapore	Thailand	Malaysia	Philippines	Vietnam
GDP (billion USD)	20,937	3,806	2,603	5,049	1,631	340	502	337	361	271
SP (billion USD)	5300	994.7	273.6	2,262	204.4	78.7	62.5	91	27.72	10.45
%SP/GDP	25.3%	26.1%	10.5%	44.80%	12.5%	23.1%	12.5%	27.0%	7.67%	3.9%

- On average, developed countries spend more than 25% of GDP on economic stimulus packages regarding the pandemic. Southeast Asian countries execute smaller packages, but still accounted for over 15% of GDP on average.

→ There is still a lot of room for Vietnam to have larger support packages in the future.

- GDP: GDP value of 2020
- Information about Vietnam's stimulus packages is updated to the present time
- Stimulus packages: total official packages in 2020 and 2021

# APPENDIX: Vietnam Monetary Policies (04/2020 - 10/2021)

Policy	Major Content	Date	Value (billion VND)	Estimated output
	Reduce interest rate 3 times in a row by 4% for refinancing rate, 2.5% for re-discount rate, and maintain low interest rate until now.	M03,08, 09/2020		
<a href="#"><u>Directive No. 11/CT-TTg</u></a>	A credit package worth 250.000 billion VND.	6/3/2020	250,000	Exemption, reduction and restructuring for 1.3 million customers; reduce profits for businesses 27,000 billion in mid-October
<a href="#"><u>Circular No. 01 - 03/2021/TT-NHNN</u></a>	Restructuring term of debt due to the COVID-19 pandemic. For loans affected by COVID-19, extension and/or loan deferral is applied and 3-year provision schedule is also in effect.	13/3/2020 17/5/2021		
<a href="#"><u>Resolution No. 63/NQ-CP</u></a>	The principle related to interest rate reduction up to 1%/year for outstanding VND-denominated loans in the last 5 months of 2021 is applied for customers affected by the pandemic. 16 banks have agreed to reduce the lending interest rate, starting from July 15, 2021 to the end of year, with estimated reduction in interests earned is 20,613 billion VND.	8/5/2021	~21,000	

# APPENDIX: Vietnam Fiscal Policies (04/2020 - 10/2021)

Policy	Major content	Date	Value (billion VND)	Estimated output
<a href="#"><u>Resolution 42/NQ-CP</u></a>	Support residents who are facing difficulties due to the Covid-19 pandemic, with the subsidy of VND 62,000 billion.	2020	62,000	13.9 million people benefited
<a href="#"><u>Decree No. 52/2021/ND-CP</u></a>	The total value of taxes and land lease fees under the Government's recently-issued decree on the extension of deadlines for tax payment is VND 115 trillion. In which: <ul style="list-style-type: none"> <li>• The extended VAT is 8,287 billion;</li> <li>• The extended land rent is 1,044 billion;</li> <li>• The corporate income tax temporarily paid in the first and second quarters is extended to 11,984 billion.</li> </ul>	19/4/2021	115,000	VND 72,700 million
<a href="#"><u>Resolution 68/NQ-CP</u></a>	Support employees and employers affected by the Covid-19 pandemic, with the subsidy of VND 26.000 billion.	1/7/2021	26,000	VND 21,890 million
<a href="#"><u>Resolution No. 116/NQ-CP</u></a>	Support employees and employers using the unemployment insurance fund, in which is about VND 30.000 billion to support employees participating in unemployment insurance in cash	1/10/2021-31/12/2021	30,000	VND 1,250 billion disbursed



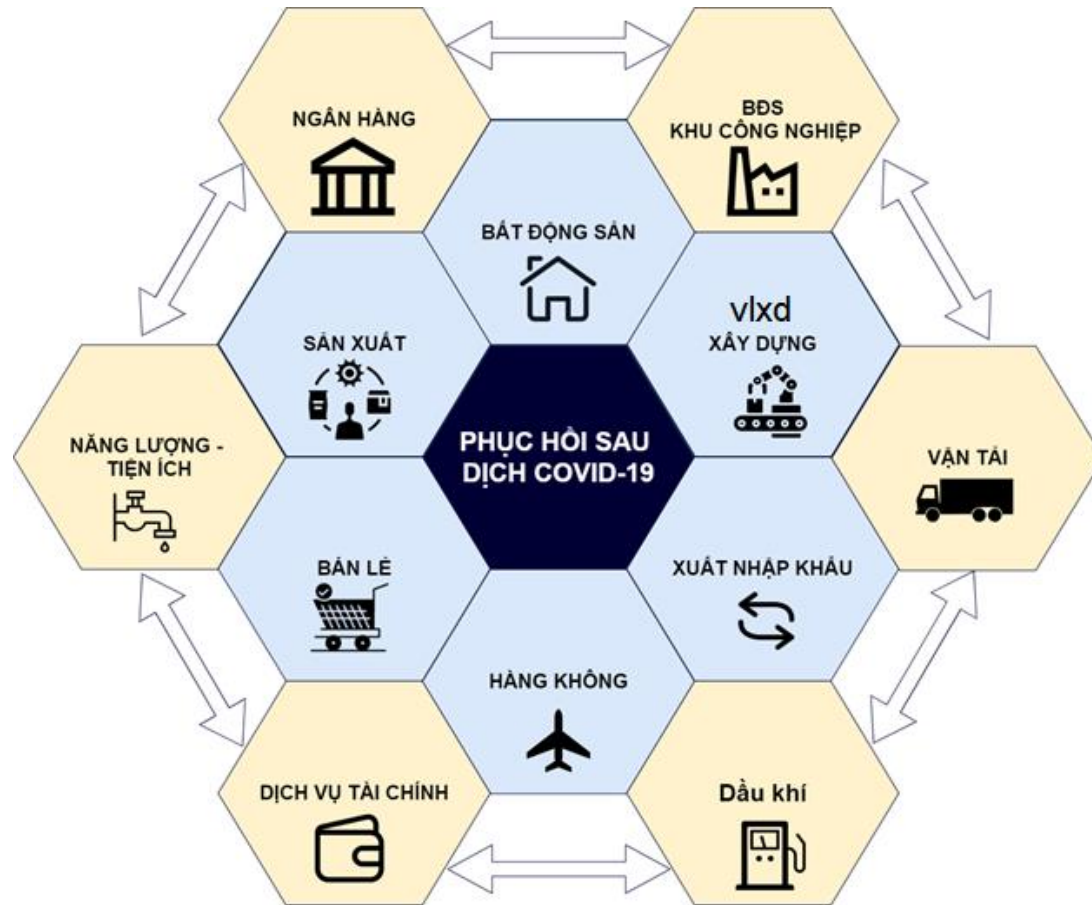
## APPENDIX: Further expectation

Policy	Major content	Date
<b>Social Security</b>	<ul style="list-style-type: none"><li>• Support low-income households, self-employed workers, granting insurances for people affected by the Covid-19 pandemic</li></ul>	2022
<b>Employment</b>	<ul style="list-style-type: none"><li>• Job training, granting preferential credit for poor households</li></ul>	Up to 2023
<b>Transfer Payment</b>	<ul style="list-style-type: none"><li>• Reduce taxes, interest rate or compensation, ...;</li><li>• Reduce VAT rates for consumer goods and services.</li></ul>	
<b>Infrastructure development program</b>	<ul style="list-style-type: none"><li>• Focus on medium-term public investment projects in the period of 2021 - 2025;</li><li>• Building houses for workers, or social housing</li></ul>	2021- 2025

### Upcoming Economic Stimulus Packages are expected to:

- Release the difficulties of people and businesses that are adversely affected by the epidemic,
- Create resources to promote rapid and sustainable economic growth.

# Vietnam's economy recovers after the epidemic: Which sectors will benefit?



## Denote these reports:

- [Insurance](#)
- [Banking](#)
- [Public investment](#)
- [US – VietNam Trade Outlook](#)
- [Commodity Price Update](#)  
(click)

Note: The main assumption is that the government will loosen social distancing from October 2021, from which production and business activities will be restored.

- Blue : Direct beneficiary group
- Yellow: Indirect beneficiary group

# Appendix: Vaccination scenarios

<b>Baseline</b>										
Vaccination / million people / day	500	1000	1500	2000	2500	3000	3500	4000	4500	5000
Number of days to complete vaccination	2758	1379	919	689	552	460	394	345	306	276
<b>Positive</b>										
Vaccination / million people / day	5500	6000	6500	7000	7500	8000	8500	9000	9500	10000
Number of days to complete vaccination	251	230	212	197	184	172	162	153	145	138
<b>Positive Plus</b>										
Vaccination / million people / day	10500	11000	11500	12000	12500	13000	13500	14000	14500	15000
Number of days to complete vaccination	131	125	120	115	110	106	102	98	95	92
<b>G4</b>										
Confidence	10%	20%	30%	40%	50%	60%	70%	80%	90%	
Vaccination / million people / day	8538	7290	6396	5630	4906	4183	3417	2523	1274	
Number of days to complete vaccination	161	189	216	245	281	330	404	547	1082	
<b>NEA</b>										
Confidence	10%	20.0%	30.0%	40.0%	50.0%	60.0%	70.0%			
Vaccination / million people / day	8434	6659	5388	4298	3269	2240	1151			
Number of days to complete vaccination	163	207	256	321	422	615	1198			
<b>SEA</b>										
Confidence	10%	20%	30%	40%	50%	60%	70%			
Vaccination / million people / day	4746	3727	2998	2373	1782	1192	566			
Number of days to complete vaccination	291	370	460	581	774	1157	2434			
<b>EA</b>										
Confidence	10%	20%	30%	40%	50%	60%	70%			
Vaccination / million people / day	6315	4939	3955	3111	2314	1517	673			
Number of days to complete vaccination	218	279	349	443	596	909	2047			
<b>BRIC</b>										
Confidence	10%	20%	30%	40%	50%	60%	70%			
Vaccination / million people / day	6190	4884	3948	3147	2390	1632	831			
Number of days to complete vaccination	223	282	349	438	577	845	1660			

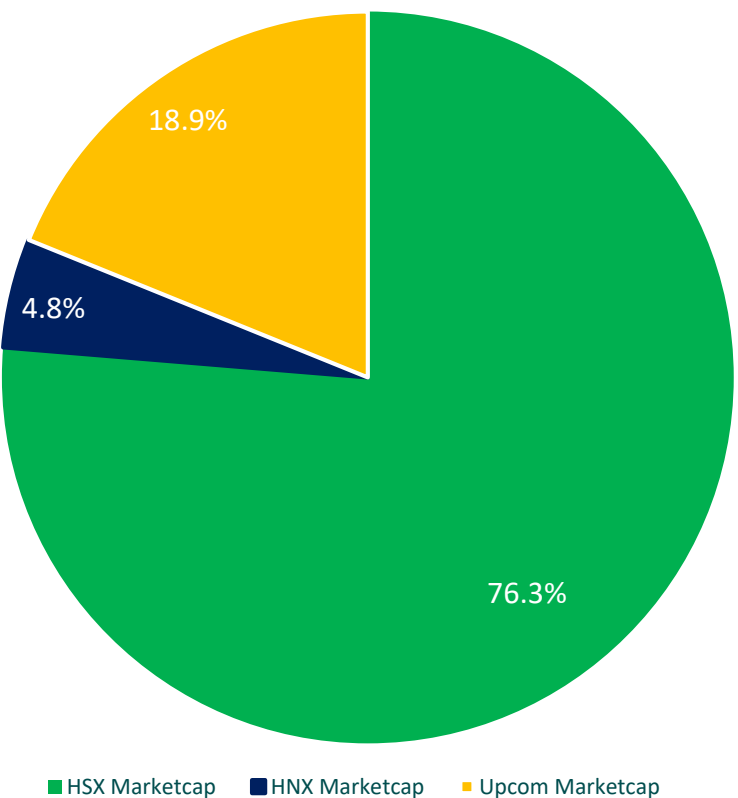
Note: Vaccination starts 8/3/21. \* about 67 million people, ages 15-64.

Source: OWID, BSC

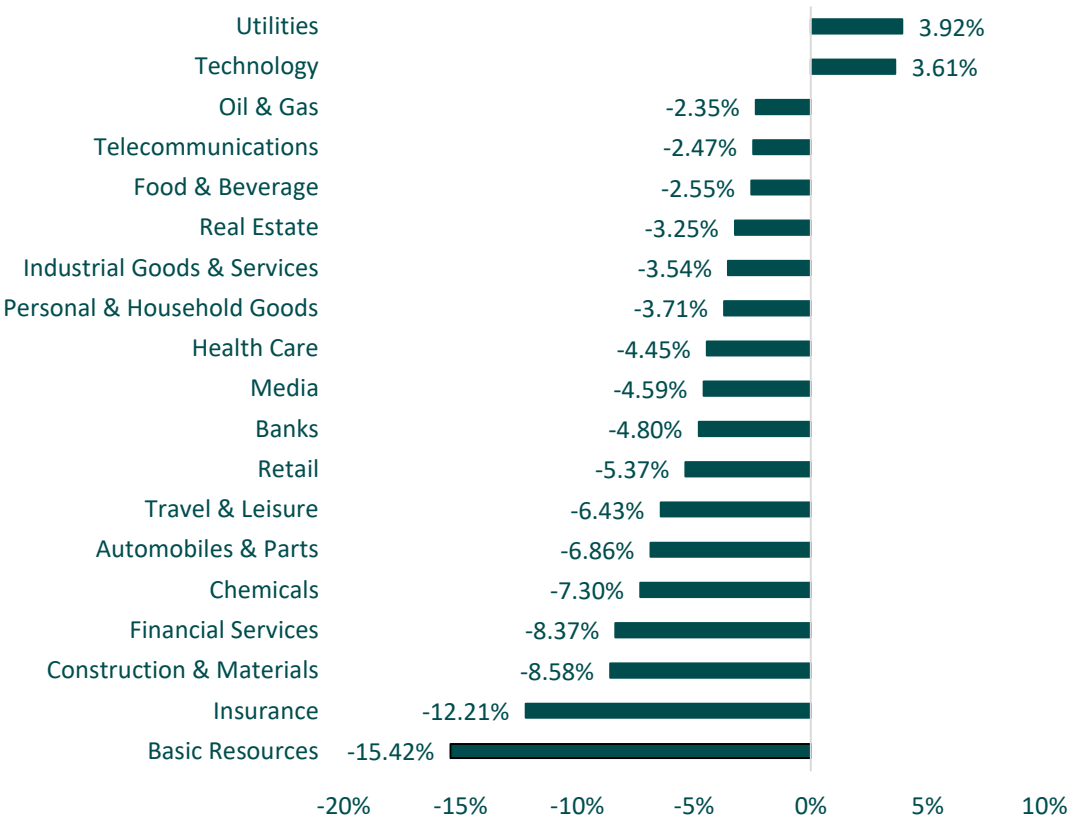


# APPENDIX

Capitalization of 3 exchanges



02/19 Sectors that gained points in May





## APPENDIX: VN-Index median 1,628.54 points, assessed by financial institutions

No	Stock	Weight	31/05/2022	Mean	Max	Min	P/E	P/B	No	Stock	Weight	31/05/2022	Mean	Max	Min	P/E	P/B
1	VCB	7.33%	78,900	94,312	111,500	78,071	16.3	3.2	19	BCM	1.49%	73,100	73,100			61.4	4.6
2	VHM	5.95%	69,600	98,127	115,000	85,261	7.9	2.3	20	VJC	1.39%	130,900	126,400	126,400	126,400	362.1	4.1
3	VIC	5.90%	78,800	100,400	112,000	83,200	-	2.9	21	VRE	1.38%	30,150	36,733	40,000	34,000	75.2	2.2
4	GAS	4.42%	117,700	138,186	154,200	110,000	23.0	4.1	22	PLX	1.12%	44,000	65,711	71,700	51,800	22.6	2.2
5	BID	3.50%	35,300	42,032	45,700	38,860	15.6	2.1	23	SSB	1.10%	33,800	33,800			17.1	2.5
6	MSN	3.13%	112,400	136,945	165,400	49,902	16.0	5.8	24	HDB	1.03%	26,100	37,890	53,863	32,879	8.1	1.7
7	HPG	3.05%	34,700	59,001	70,805	47,500	4.7	1.6	25	TPB	1.00%	32,350	41,531	44,693	38,000	9.8	1.9
8	NVL	2.96%	78,000	89,000	103,800	75,000	36.0	4.2	26	STB	0.83%	22,350	33,533	38,400	24,000	10.7	1.2
9	VNM	2.94%	71,700	91,376	115,100	80,000	16.3	4.7	27	VIB	0.82%	26,800	36,507	44,370	30,700	8.4	2.2
10	VPB	2.74%	31,000	46,215	48,820	44,000	8.0	1.6	28	HAV	0.81%	18,650	22,650	24,000	21,300	-	-
11	CTG	2.63%	27,900	42,075	42,900	40,700	10.9	1.4	29	EIB	0.81%	33,200	33,200			28.3	2.2
12	TCB	2.56%	37,150	69,550	80,000	57,800	6.8	1.3	30	SHB	0.77%	14,800	14,800			6.2	1.0
13	MWG	2.08%	144,900	176,706	197,500	156,263	20.6	4.7	31	BVH	0.77%	52,600	67,300	73,300	63,700	20.8	1.8
14	MBB	2.06%	27,750	41,219	49,000	37,900	7.7	1.6	32	DGC	0.75%	223,600	243,300	255,000	233,000	11.8	5.3
15	GVR	1.98%	25,200	35,250	41,500	29,000	22.9	2.0	33	PDR	0.72%	54,800	54,800			19.7	5.0
16	FPT	1.96%	109,900	134,790	166,900	116,300	21.3	5.2	34	PGV	0.65%	29,400	40,800	40,800	40,800	10.3	1.8
17	SAB	1.93%	153,500	190,421	220,000	151,247	25.7	4.6	35	POW	0.62%	13,550	15,889	18,600	12,157	15.8	1.1
18	ACB	1.67%	31,550	44,796	52,600	39,854	8.2	1.8		<b>Tổng</b>		<b>1,292.68</b>	<b>1,628.54</b>	<b>1,825.41</b>	<b>1,421.00</b>	<b>27.3</b>	<b>2.7</b>

Source: Bloomberg, BSC Research

# APPENDIX

## Event Calendar 2022

Month	Date	Viet Nam	Date	International
March	17	Future VN30: Future contract expire	5	FTSE Russell: announces market rating for year-end period
	18	ETF: VNM review	10	ECB: announces monetary policy and interest rates
			15-16	FED: announces monetary policy and interest rates
April	18	ETF: VNDIAMOND execute restructured transaction	14	ECB: announces monetary policy and interest rates
	20	Enterprise: Deadline for submission of Q1 financial statements		
	21	Future VN30: Future contract expire		
May	2	ETF: VNFN LEAD, ETF VNDIAMOND review	3-4	FED: announces monetary policy and interest rates
	19	Future VN30: Future contract expire	12	MSCI: semi-annual market indexes review
	27	ETF: Ishare MSCI review		
	May	Party Central Committee Conference		
June	16	Future VN30: Future contract expire	4	FTSE Russell: announces market rating for year-end period
	17	ETF: VNM execute restructured transaction	9	ECB: announces monetary policy and interest rates
	June	Vietnam National Assembly Conference	14-15	FED: announces monetary policy and interest rates
			29-30	OPEC: meeting
July	18	ETF: VNFN LEAD restructure their portfolio	21	FED: announces monetary policy and interest rates
	20	Enterprise: Deadline for submission of Q2 financial statements	26-27	ECB: announces monetary policy and interest rates
	21	Future VN30: Future contract expire		
	25	ETF: VN30 review		
August	1	ETF: VNFN LEAD, ETF VNDIAMOND review	11	MSCI: quarterly market indexes review
	18	Future VN30: Future contract expire		
	26	ETF: Ishare MSCI review		
September	15	Future VN30: Future contract expire	3	FTSE: Annually Index Review
	16	ETF: VNM review	8	ECB: announces monetary policy and interest rates
			20-21	FED: announces monetary policy and interest rates
October	17	ETF: VNDIAMOND restructure their portfolio	October	IEA: annually meeting
	20	Enterprise: Deadline for submission of Q3 financial statements	27	ECB: họp và công bố chính sách tiền tệ và lãi suất
	20	Future VN30: Future contract expire		ECB: họp và công bố chính sách tiền tệ và lãi suất
	October	13th Party Central Committee Conference		
November	7	ETF: VNFN LEAD, ETF VNDIAMOND review	1-2	FED: announces monetary policy and interest rates
	17	Future VN30: Future contract expire	3	FTSE Russell: announces market ratings for year-end period
	25	ETF: Ishare MSCI review	10	MSCI: announce market ratings
	November	Vietnam National Assembly Conference		
December	15	Future VN30: Future contract expire	13-14	FED: announces monetary policy and interest rates
	16	ETF: VNM execute restructured transaction	15	ECB: announces monetary policy and interest rates

## APPENDIX: Performance heatmap of VNIndex by month

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YP (*)
2000							1.55%	13.39%	4.83%	16.68%	19.80%	22.58%	106.83%
2001	18.84%	2.69%	6.70%	19.22%	25.91%	23.75%	-15.56%	-34.34%	-11.87%	6.48%	10.85%	-18.41%	13.81%
2002	-11.83%	-7.93%	4.74%	4.16%	-0.65%	-2.44%	-2.22%	-2.99%	-4.97%	-2.48%	0.15%	3.07%	-22.12%
2003	-5.97%	-4.51%	-11.66%	4.90%	-0.20%	0.02%	-3.91%	-2.47%	-2.38%	-2.23%	20.31%	1.87%	-8.94%
2004	28.38%	21.59%	6.46%	-4.69%	-4.70%	-0.91%	-4.51%	-2.54%	0.35%	-0.26%	-1.30%	4.24%	43.34%
2005	-2.49%	0.76%	4.85%	-0.11%	-0.82%	1.05%	2.65%	0.45%	13.69%	6.25%	1.28%	-1.23%	28.51%
2006	1.57%	25.08%	28.90%	18.25%	-9.50%	-4.33%	-18.07%	16.28%	7.24%	-2.88%	23.75%	18.75%	144.48%
2007	38.52%	9.25%	-5.83%	-13.76%	17.06%	-5.25%	-11.39%	0.05%	15.25%	1.74%	-8.71%	-4.66%	23.31%
2008	-8.94%	-21.42%	-22.08%	1.07%	-20.73%	-3.55%	13.01%	19.44%	-15.28%	-24.01%	-9.31%	0.28%	-65.95%
2009	-3.93%	-18.95%	14.21%	14.59%	27.99%	8.90%	4.12%	17.14%	6.24%	1.07%	-14.14%	-1.85%	56.76%
2010	-2.59%	3.10%	0.47%	8.64%	-6.44%	-0.06%	-2.61%	-7.86%	-0.12%	-0.42%	-0.23%	7.32%	-2.04%
2011	5.35%	-9.64%	-0.05%	4.11%	-12.23%	2.65%	-6.21%	4.69%	0.68%	-1.59%	-9.53%	-7.65%	-27.46%
2012	10.36%	9.19%	4.10%	7.42%	-9.41%	-1.59%	-1.87%	-4.45%	-0.87%	-1.06%	-2.73%	9.50%	17.69%
2013	15.97%	-1.09%	3.47%	-3.37%	9.25%	-7.19%	2.23%	-3.89%	4.22%	0.97%	2.08%	-0.62%	21.97%
2014	10.28%	5.38%	0.87%	-2.29%	-2.76%	2.87%	3.10%	6.81%	-5.95%	0.34%	-5.70%	-3.70%	8.12%
2015	5.58%	2.86%	-6.99%	2.04%	1.27%	4.12%	4.72%	-9.07%	-0.37%	7.95%	-5.63%	1.02%	6.12%
2016	-5.83%	2.59%	0.33%	6.62%	3.35%	2.23%	3.16%	3.43%	1.65%	-1.45%	-1.59%	-0.03%	14.82%
2017	4.87%	1.94%	1.62%	-0.63%	2.80%	5.24%	0.91%	-0.10%	2.77%	4.08%	13.45%	3.61%	48.03%
2018	12.81%	1.01%	4.72%	-10.58%	-7.52%	-1.08%	-0.46%	3.47%	2.79%	-10.06%	1.29%	-3.67%	-9.32%
2019	2.03%	6.02%	1.58%	-0.11%	-2.02%	-1.04%	4.39%	-0.77%	1.27%	0.23%	-2.81%	-1.01%	7.67%
2020	-2.54%	-5.81%	-24.90%	16.09%	12.40%	-4.55%	-3.24%	10.43%	2.67%	2.24%	8.39%	10.05%	14.87%
2021	-4.86%	11.26%	1.97%	4.02%	7.15%	6.06%	-6.99%	1.60%	0.80%	7.60%	2.40%	1.34%	27.60%
2022	-1.28%	0.76%											
Average	4.74%	1.55%	0.64%	3.60%	1.44%	1.19%	-1.69%	1.30%	1.03%	0.42%	1.91%	1.85%	13.03%

# APPENDIX: MARKET MOVEMENT

## VN30 movements

Stocks	RS-Ratio	RS-Mom'	12W%Δ
VJC	106.6465	101.1469	-9.87%
PNJ	112.2802	104.8307	10.68%
BVH	106.8232	104.5842	-4.96%
FPT	112.832	107.918	19.70%
SAB	108.5623	105.1911	-0.65%
NVL	104.5466	105.5725	3.98%
MWG	110.8359	105.483	9.64%
ACB	101.3267	101.4822	-2.75%
VCB	103.9005	100.3631	-6.75%
GAS	105.4564	102.2695	-9.98%
VPB	102.7031	101.5552	-17.62%
VHM	95.75553	101.8151	-10.64%
VNM	96.99866	103.7527	-2.80%
PDR	98.75215	101.5764	-15.90%
MSN	98.94982	100.9034	-15.11%
VIC	95.2275	105.6313	0.00%
HPG	96.08117	102.1262	-24.41%
KDH	100.2912	97.57059	-21.35%
VRE	101.4386	99.24055	-11.04%
BID	102.626	94.54336	-12.84%
MBB	103.395	98.38299	-17.65%
POW	96.08387	93.4111	-23.50%
PLX	94.70572	95.42013	-32.38%
CTG	95.24245	97.06255	-15.63%
TPB	99.78662	95.78521	-16.75%
TCB	93.6104	98.10241	-25.55%
HDB	96.75322	99.09499	-4.44%
GVR	90.84586	98.74707	-29.17%
SSI	85.21637	92.84815	-35.00%
STB	96.02843	93.31776	-31.85%

Note: stocks in the quadrant:

- **Positive** → recommended in the buy list
- **Weaken** → should be on watch list for a downward correction
- **Negative** → should be on the avoid list
- **Recover** → should be on the watchlist for an upward movement

Recovery

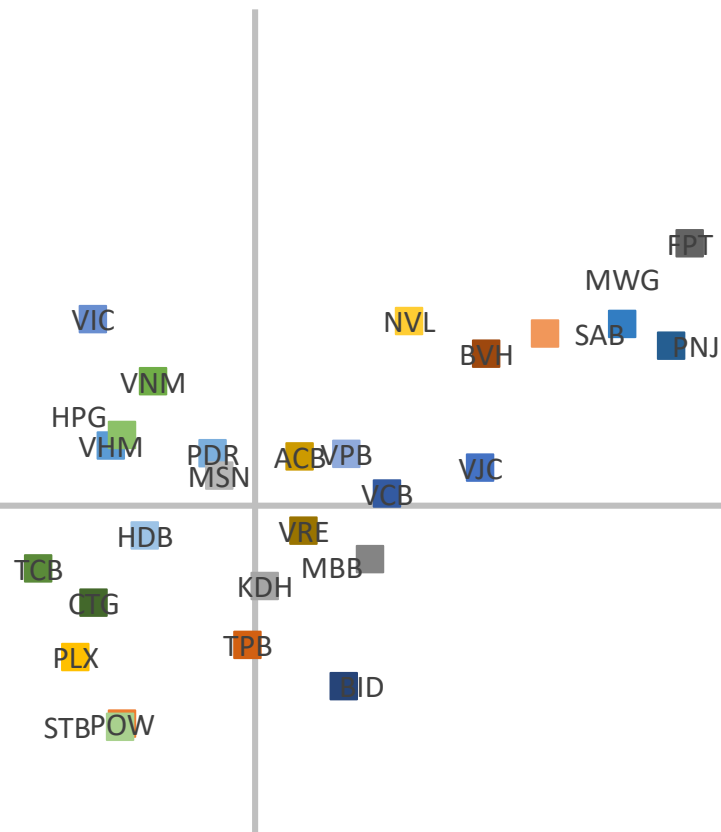
CP VN30 vs. VN-Index

Positive

JdK RS-Momentum

SSI

Negative



JdK RS-Ratio

Weakening

Date: 27/05/2022

Source: Bloomberg, BSC Research