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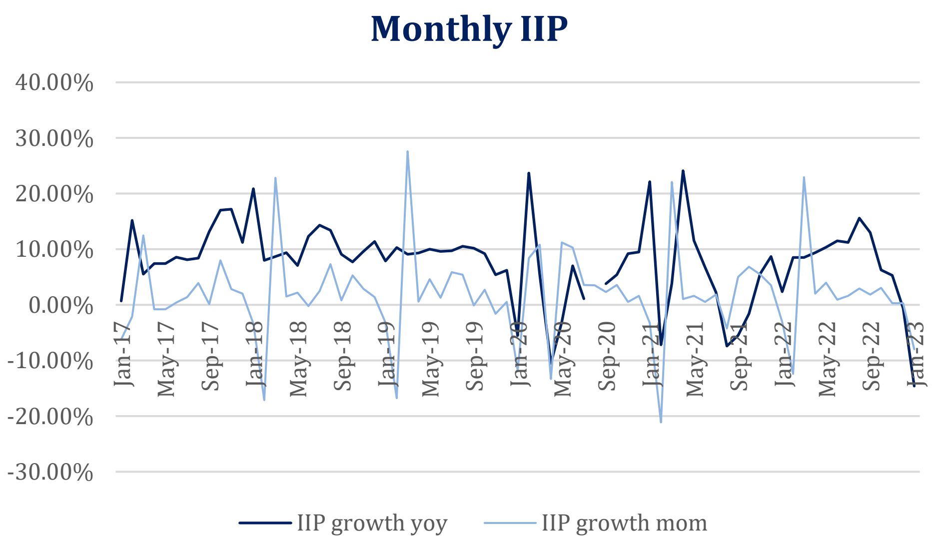
IIP PLUMMETED IN JANUARY

The Lunar New Year took place in January with the number of working days only about 2/3 of normal months, causing the industrial production index in January to plummet by 14.6%mom and 8%yoy. In addition, the decrease in the number and size of orders was also a significant factor for the decline of IIP in January.



Sources: GSO, GTJASVN

Meanwhile, the index of processing and manufacturing decreased by 9.1%yoy. Key products saw a sharp decrease compared to the same period last year are garments, motorcycles, electronic equipment and basic metals.

Key activities being hit in January

Activities	01/2023 over 12/2022	01/2023 over 01/2022
Extraction of crude petroleum and nutural gas	-8.31%	-2.53%
Mining of other non-ferrous metal ores	-22.52%	17.69%
Manufacture of dairy products	-13.37%	-5.30%
Manufacture of beer	-30.60%	19.02%
Manufacture of textiles	-14.26%	-11.83%
Manufacture of wearing apparel	-19.35%	-20.99%
Manufacture of footwear	-19.99%	-14.55%
Manufacture of wood and of products of wood and cork	-22.78%	-5.37%
Manufacture of paper and paper products	-17.32%	-13.60%
Manufacture of refined petroleum products	-24.12%	-3.15%

Manufacture of pharmaceuticals, medicinal chemical and botanical products	-8.86%	-4.19%
Manufacture of rubber and plastics products	-15.82%	-4.44%
Manufacture of cement	-19.15%	-7.91%
Manufacture of basic metals	-1.76%	-14.53%
Manufacture of fabricated metal products, except machinery and equipment	-22.02%	-7.25%
Manufacture of computer, electronic and optical products	-4.82%	-3.20%
Manufacture of electrical equipment	-28.87%	-19.06%
Manufacture of machinery and equipment n.e.c	-34.32%	-12.10%
Manufacture of motor vehicles; trailers and semi-trailers	-24.10%	-23.90%
Electricity, gas	-6.56%	-3.36%

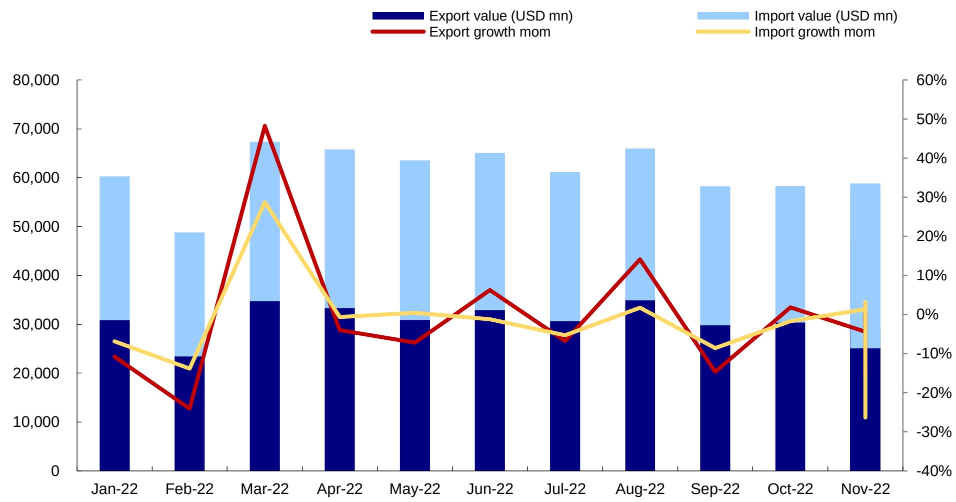
Sources: GSO, GTJASVN

EXPORT -IMPORT TURNOVER DECREASES- TRADE SURPLUS CONTINUES

A slowdown in the global economy along with recession concern, a drop in orders and the Lunar New Year were the main reasons for the sharp decline in the value of Vietnam's exports and imports in January.

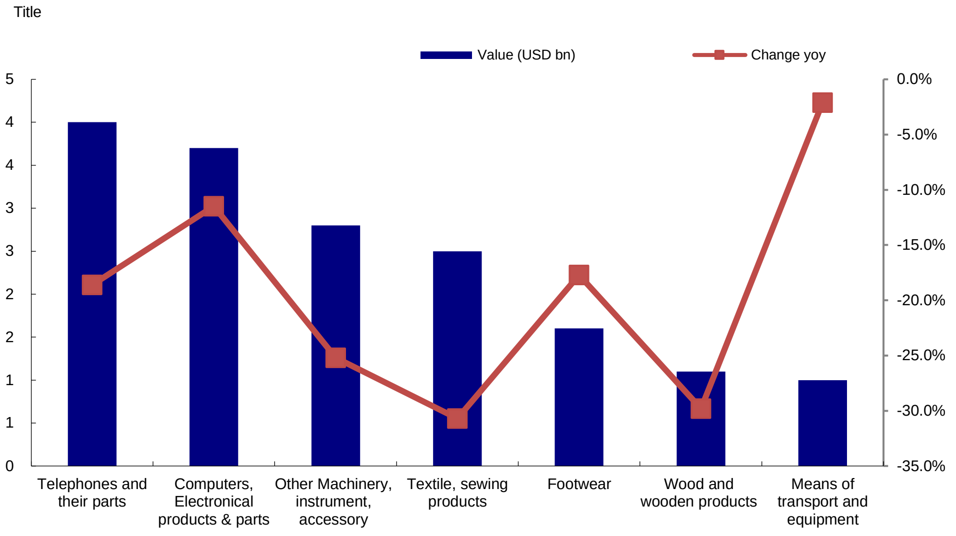
According to the General Statistics Office, export turnover reached 25.08 billion USD, down 13.6%mom and 21.3%yoy while total import turnover reached 21.48 billion USD, down 21.3%mom and down 28.9%yoy.

Total import and export turnover reached 46.56 billion USD, down 20.84% compared to the previous month. However, the balance continued to maintain a surplus of 3.6 billion USD, the main driving force still came from the foreign invested sector with a trade surplus of 4.64 billion USD.



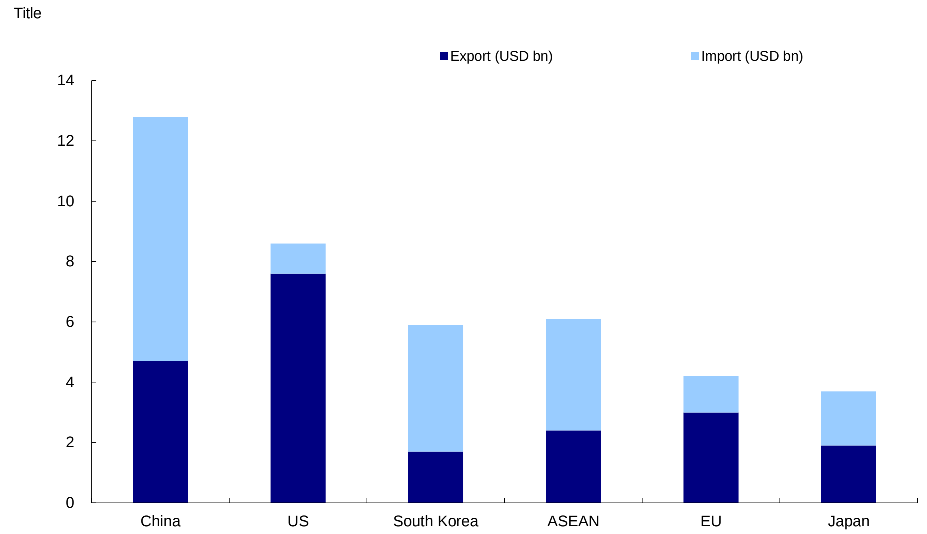
Sources: Fiinpro, GSO, GTJASVN

Activities with export value >1 billion USD



Sources: GSO, GTJASVN

Key export-import markets 1/2023



Sources: GSO, GTJASVN

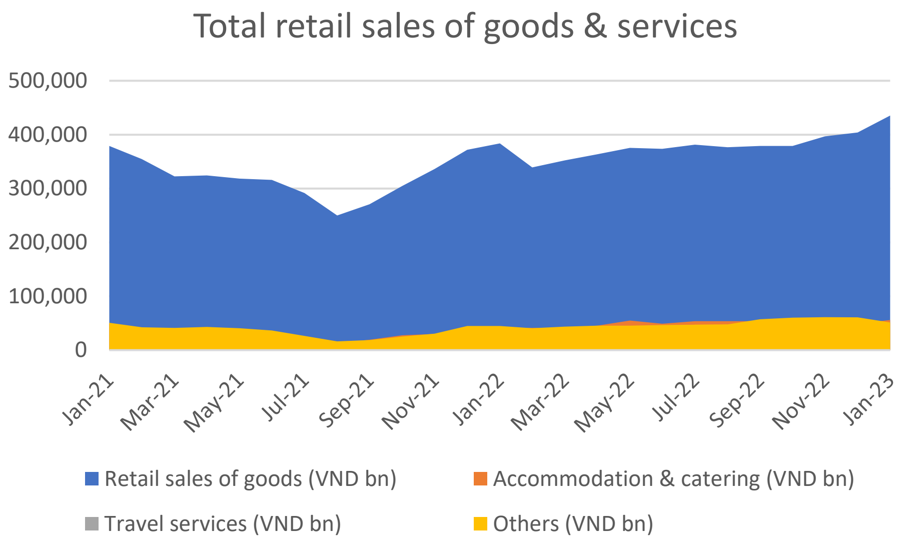
ATTRACT 1.69 BILLION USD NEW FDI IN JANUARY

According to data from the General Statistics Office, there was US$1.69 billion in newly registered FDI, the adjusted capital and capital contributions and share purchases in January 2023, down nearly 20% over the same period last year. However, the number of new projects is much higher with 153 new projects, which is a positive signal regarding the foreign capital flows into Vietnam. The sectors attracting FDI the most include wholesale and retail of automobiles, motorcycles and other motor vehicles, processing and manufacturing industries.

By country, Singapore is the largest investor with a the amount of nearly 800 million USD in January.

DOMESTIC CONSUMPTION CONTINUED HIKING

Total retail sales of consumer goods and services in January was estimated at 544.8 trillion VND, up 5.2% compared to December 2022 and 20% over the same period last year.
The growth momentum is still promising as excluding the price increase factor, the retail size only equals to 82% of the pre-epidemic level.

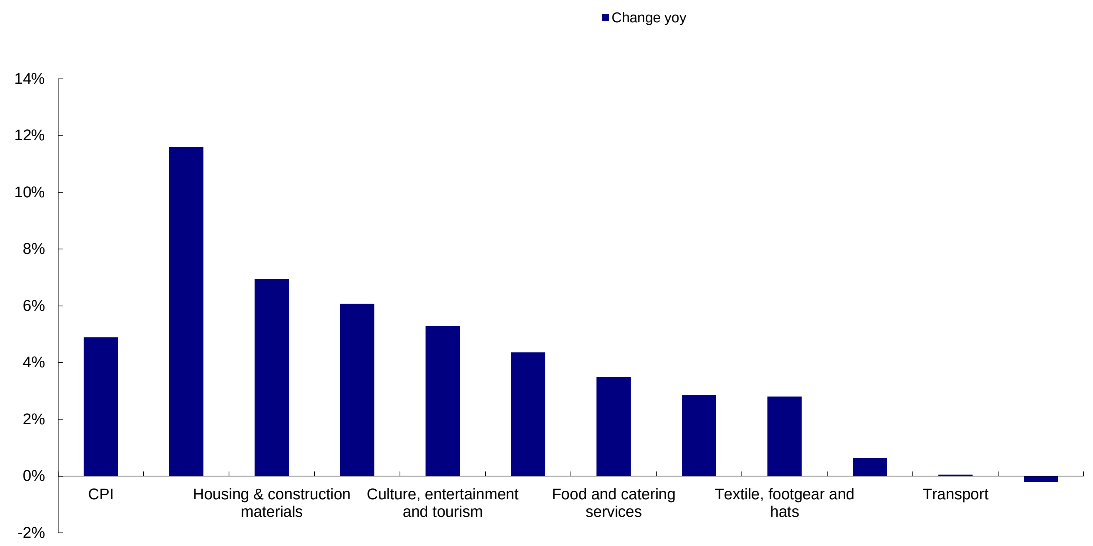


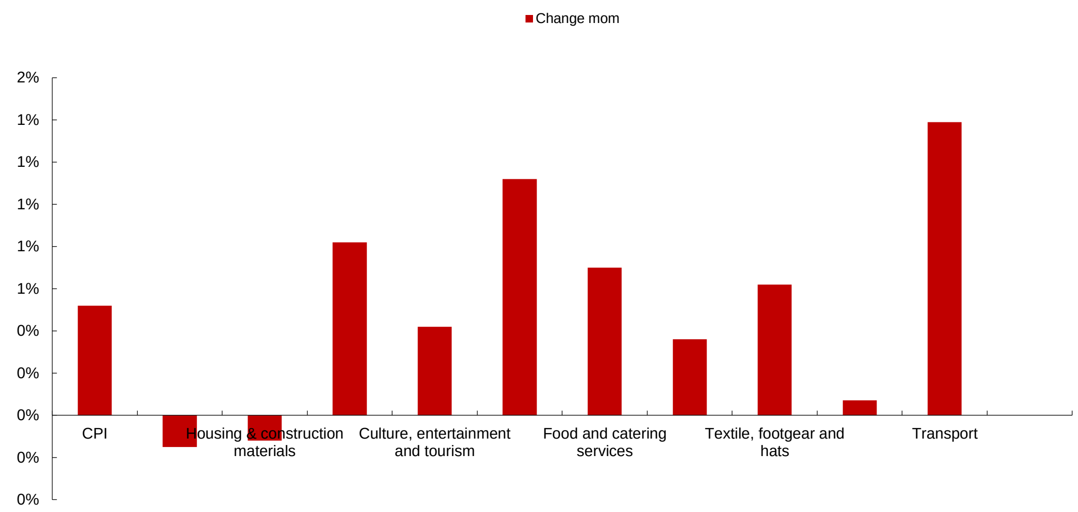
Sources: Fiinpro, GSO, GTJASVN

INFLATION PRESSURE STAYS DUE TO THE LUNAR NEW YEAR

Core inflation in January increased by 0.46% over the previous month and by 5.21% over the same period last year.

In addition to the education group that maintained a high level compared to the same period last year after stopping the tuition fee exemption and reduction policy after the Covid epidemic, the demand increased for items serving the Lunar New Year such as cigarettes, beer, consumer goods and services and tourism were the main reasons for the higher CPI this month.





Sources: GSO, GTJASVN

Inflation continues to remain at a high level, but has it already peaked?

In the short term, the education index has decreased slightly by 0.15% month-on-month and is likely to be more stable this year.

Other large components such as catering, food and consumer services continued to increase in January. It seems to be due to Tet event more. Therefore, we expect a cooling down price in this group in the coming months with the more balancing between demand and supply.

The transport group increased slightly during the Tet holiday due to an increase in service tickets. Besides, gasoline prices were adjusted up by 2.31% in January due to the increase in world fuel prices along with regulations related to environmental protection tax applied from the beginning of this year, which pushed up gasoline prices. Like the catering & food group, more stability can be expected in this group when prices of transportation services stabilize after Tet as well as gasoline prices to remain around the current level.

The group of goods and services related to tourism and entertainment is expected to continue to increase due to the increasing tourism demand after the epidemic, especially the number of international and Chinese tourists continues to be expected to increase sharply.

From the consideration of the above components, it is quite possible to expect inflation this year to be controllable within the target range and the peak may already be around here.

COMPANY RATING DEFINITION

Benchmark: VN – Index. Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
Accumulate	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
Reduce	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
Sell	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

SECTOR RATING DEFINITION

Benchmark: VN – Index Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
Underperform	Relative Performance is lower than -5% OrThe Fundamental outlook of the sector is unfavorable

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