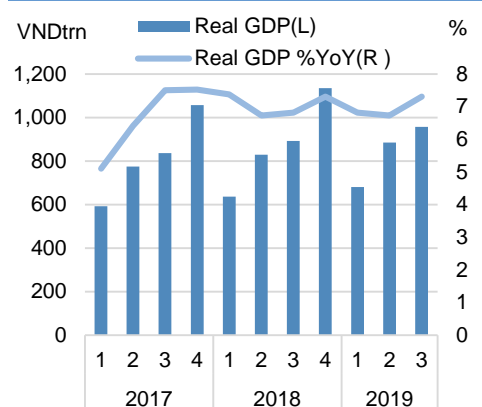


Macro Indicators

Quarterly data	3Q19	2Q19	1Q19
GDP growth (% YoY)	7.31	6.73	6.82
Disbursed FDI (USDbn)	5.12	4.98	4.12
Monthly data	Nov	Oct	Sep
CPI (% YoY)	3.52	2.24	2.44
IIP (% YoY)	5.41	9.20	10.20
Export (% YoY)	3.77*	7.33	10.68
Import (% YoY)	4.52*	2.89	11.77

Source: GSO, Nikkei, IHS Markit, Bloomberg, FIA. * GSO estimate.

GDP Growth quarterly



Source: GSO

Trade grows modestly but soon to pick up

Trade grows modestly as telephones, mobile phones and parts weaken.

According to GSO estimates, total trade value increased by 4.51% YoY to reach USD45.1bn in November 2019. In particular, the value of export increased by 3.77% YoY to USD22.6bn, while the import value rose by 4.52% YoY to achieve USD22.5bn. As a result, the trade balance recorded a deficit of USD100mn in the trade balance. ([Page 2](#))

Inflation ticks up along with pork price. In November, Consumer Price Index increased 0.96% MoM for the 3-year high. The skyrocket of pork price, due to a crisis of pork supply, is the main reason that led CPI to go up significantly last month. Particularly, Foodstuff and Eating outside contributed to most of the increase of CPI as their prices soared 4.11% MoM and 0.6% MoM respectively. ([Page 5](#))

FDI to flow in stronger. In November 2019, the registered inflow of foreign direct investment (FDI) to Vietnam was USD2.68bn, declining by 8.33% YoY, while disbursed FDI was USD1.41bn, increasing slightly by 0.71% YoY. ([Page 7](#))

Industrial Production sees a slowdown. In November, the Industrial Production expansion recorded a 3-year lowest rate of about 5.41% YoY since January 2017, mainly attributed to the Mining and Manufacturing sectors. Accordingly, while the former dropped by -5.32% YoY, the latter still rose but at a much slower rate, just 6.53% specifically. ([Page 8](#))

Vietnam dong is stable. At 30th November 2019, USDVND was traded at 23,197 (or 23,197 Vietnam dong for 1 U.S. dollar), decreasing by 0.022% MoM. In the context of ongoing US- China trade talks, values of the dong, other southeast Asia popular currencies, as well as Chinese yuan against U.S. dollar seemed unchanged in November after declining notably in October. ([Page 10](#))

Vietnam state budget records a cumulative surplus of VND88.3trn. Total government revenue achieved VND1,299.4trn, equaling 92.1% of the year estimate, while the total spending was estimated at VND1,211.1trn, fulfilling 74.1% of the year estimate. ([Page 11](#))

Mr. Y Nguyen

Macro - Associate

(+84-28) 3914 8585 - Ext: 1463

y.nt@kisvn.vn

Mr. Tuan Doan

Macro - Associate

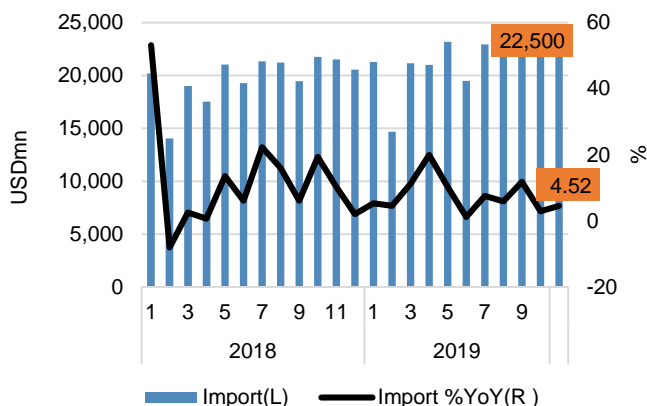
(+84-28) 3914 8585 - Ext: 1470

tuan.doan@kisvn.vn

Trade grows modestly as telephones, mobile phones and parts weaken

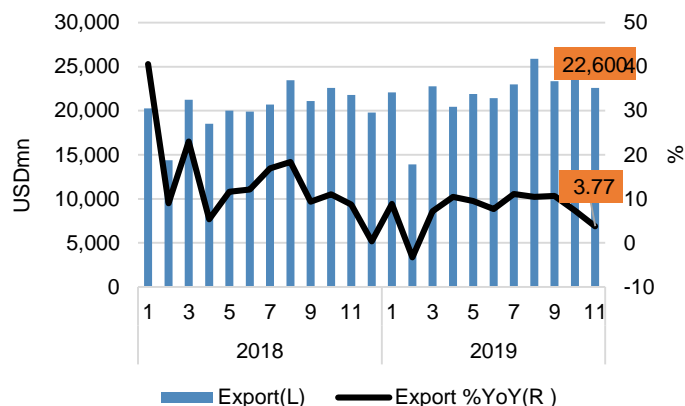
According to GSO estimate, total trade value increased by 4.15% YoY to reach USD45.1bn in November 2019. In particular, the value of export increased by 3.77% YoY to USD22.6bn, while the import value rose by 4.52% YoY to achieve USD22.5bn. As a result, the trade balance recorded a deficit of USD100mn in the trade balance.

Fig 01. Vietnam monthly import



Source: KIS, GSO

Fig 02. Vietnam monthly export



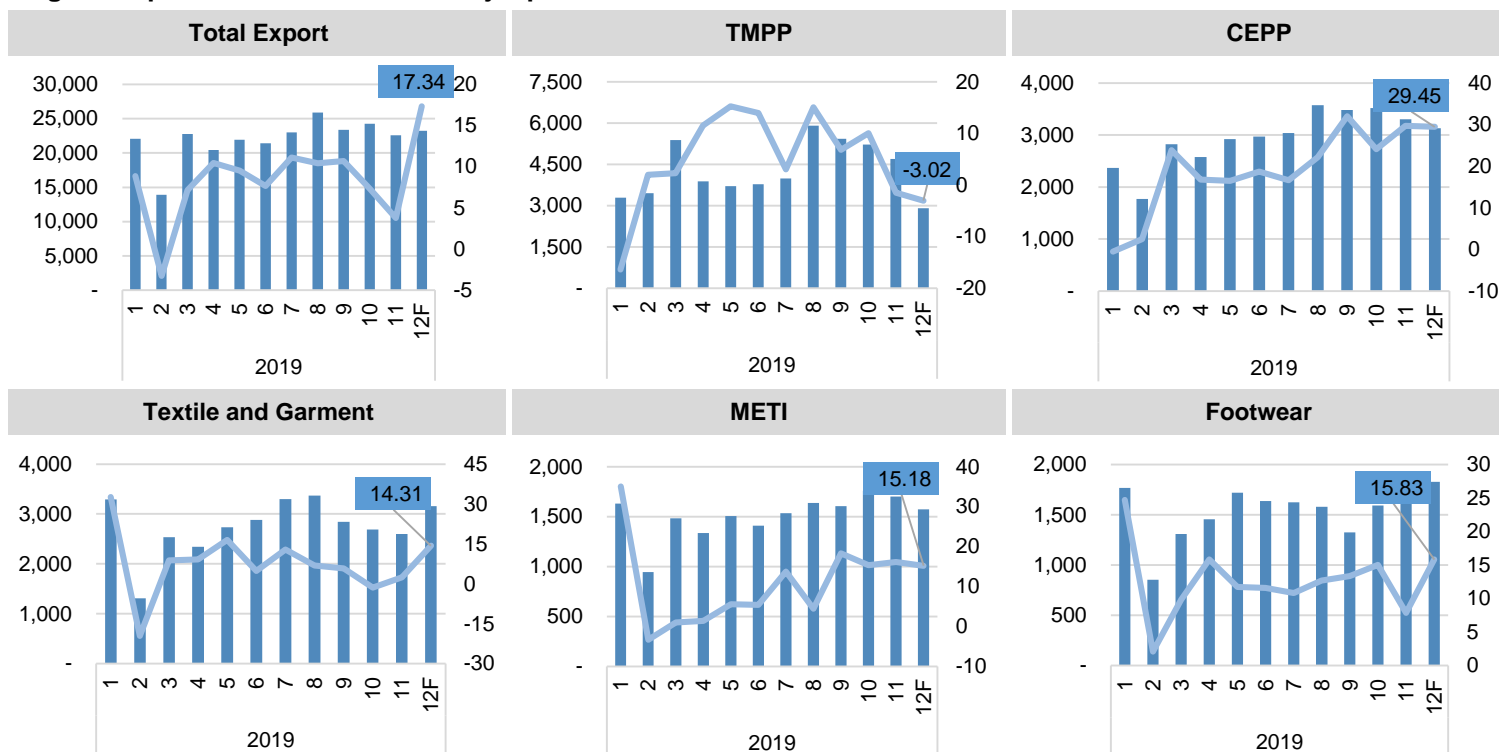
Source: KIS, GSO

In terms of export product structure, top five items showed positive movements except *telephones, mobile phones and parts item* (TMPP). Specifically, *computers, electrical products and parts* (CEPP) and *machine, equipment, tools and instruments* (METI) surged by 29.69% YoY and 16.15% YoY, contributing 3.47% YoY and 1.09% YoY for the overall growth, respectively. In addition, *textile and garment* and *foot-wears* increased by 2.39% YoY and 7.86% YoY, adding up 0.28% YoY and 0.55% YoY to the total export growth. On the contrary, TMPP decreased by 1.47% YoY, dragging the total export growth down by 0.32% YoY. The export value of *still image video cameras and parts* (SIVCP) continued sliding by 61.2% YoY to the 2019-low at USD250.0mn.

Most of products in the agriculture sector saw lower export than the same period last year such as coffee (-20.43% YoY), rice (-3.28% YoY), manioc and manioc product (-8.28% YoY), pepper (-4.49% YoY) and tea (-1.34% YoY) except for fruits and vegetables (+23.61% YoY) and cashew nut (+2.91% YoY). The export value of fishery products reached USD780mn, declining by 1.81% YoY for the fourth month.

Precious stone, metal and articles item surged by 51.47% YoY and contributed 0.16% YoY to the total export growth.

Fig 05. Export estimates of some major products



Source: KIS estimate, GSO

Notes:

- Value (LHS): USDm. Growth (RHS): % YoY
- CEPP: Computers, electrical products and parts; TMPP: Telephones, mobile phones and parts; METI: Machines, equipment, tools and instruments

On the import side, we estimate total value to rise 14.63% YoY and post USD23.55bn in December 2019 largely thanks to the contribution of CEPP, METI, Fabrics, Iron and Steel. More specifically, we forecast that:

- CEPP grows aggressively by 32.78% YoY to the 2019-peak at USD5.05bn;
- METI rises by 12.52% YoY to USD3.32bn;
- Fabrics grows robustly at the rate of 13.21% YoY, while the expansion pace of iron and steel shrinks slightly at 7.91% YoY;
- On the contrary, TMPP declines consecutively by 14.56% to USD1.29bn.

Fig 06. Import estimate of some major products



Source: KIS estimate, GSO

Notes:

- Value (LHS): USDmn. Growth (RHS): % YoY
- CEPP: Computers, electrical products and parts; TMPP: Telephones, mobile phones and parts; METI: Machines, equipment, tools and instruments.

Inflation ticks up along with pork price

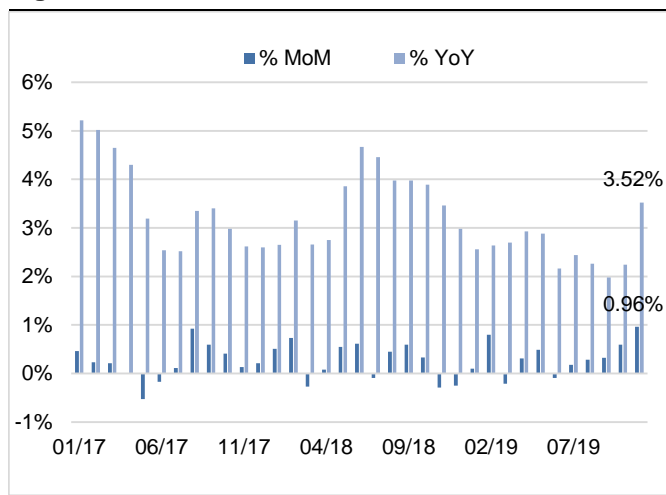
In November, Consumer Price Index increased 0.96% MoM for the 3-year high. The skyrocket of pork price, due to a crisis of pork supply, is the main reason that led CPI to go up significantly last month. Particularly, Food and Foodstuff contributed to most of the increase of CPI by inflating by 2.74% MoM, in which sub-items including Food, Foodstuff and Eating outside soared 0.26% MoM, 4.11% MoM and 0.6% MoM respectively. According to the data from Vietnam Ministry of Trade, pork price surged by more than 20% MoM on 21 November.

However, the drop of oil and gas prices hampered an upward pressure on CPI. In the first half of November, gas and oil prices were lowered by 1% - 2% compared to October, which drove the traffic price index down by -0.73% MoM. Meanwhile, other items remained almost unchanged.

On the yearly basis, the CPI soared 3.52% YoY in November, a 1-year high, which was contributed the most by 8.88% YoY increase of Medicine and Health care, 4.23% YoY of Education, 3.73% YoY of Housing and Construction materials, and last but the most important 5.61% YoY of Food and Foodstuff.

In overall, the 11-month average CPI was still under control, posting just 2.57% and less than the year inflation target of 4%.

Fig 07. Inflation



Source: GSO

Fig 08. Inflation by sector in November 2019

Consumer Price Index	% Weight	% MoM	% YoY
Food and foodstuff	36.12%	2.74%	5.61%
Beverage and cigarette	3.59%	0.20%	2.25%
Garment, Footwear, hat	6.37%	0.12%	1.59%
Housing and construction materials	15.73%	0.13%	3.73%
Household appliances and goods	7.31%	0.10%	1.36%
Medicine and health care	5.04%	0.04%	8.88%
Traffic	9.37%	-0.73%	-2.13%
Postal services & Telecommunication	2.89%	-0.09%	-0.58%
Education	5.99%	0.04%	4.23%
Culture, entertainment and tourism	4.29%	0.03%	1.63%
Other goods and services	3.30%	0.16%	3.14%

Source: GSO

PREDICTION:

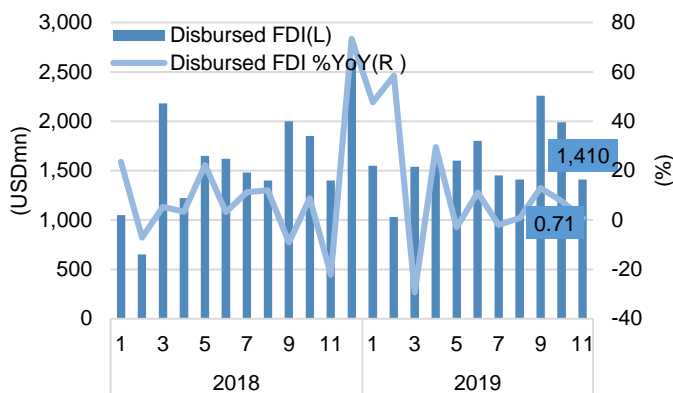
We expect the CPI to accelerate in December (however, there is almost no way for average CPI of 20019 to break its target of 4%) because of the following reasons:

- Pork price seems to be under control in early December after jumping in November. However, we expect pork price will remain high, even rise further due to a severe shortage of pork supply in the market.
- Local gas prices were adjusted upward by 1.7% and 1.4% on 15 and 30 November, which may cause traffic prices to jump in December.
- Generally, because demand for all goods and services is higher by the end of Lunar Year, we also expect the seasonality to push the price of most of CPI items up in December.

FDI to flow in stronger

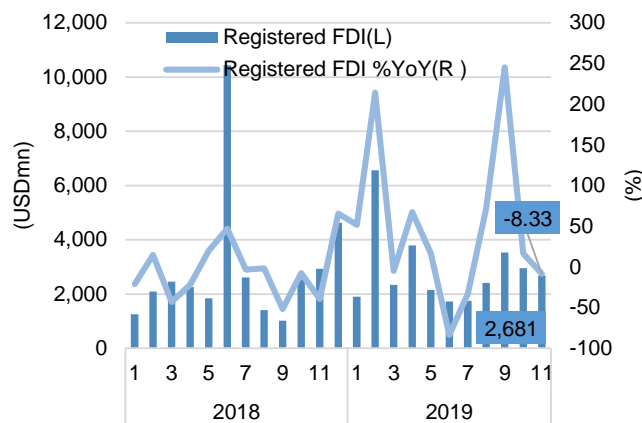
In November 2019, the registered inflow of foreign direct investment (FDI) to Vietnam was USD2.68bn, declining by 8.33% YoY, while disbursed FDI was USD1.41bn, increasing slightly by 0.71% YoY.

Fig 01. Disbursed FDI



Source: KIS, FIA

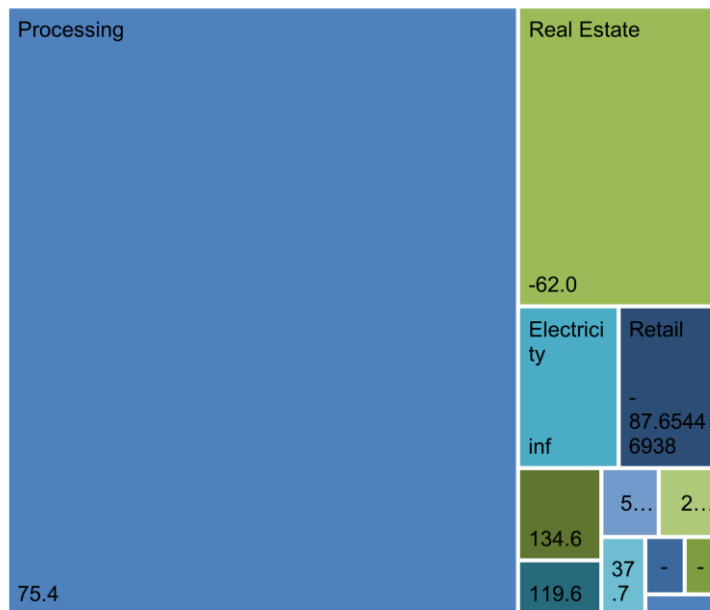
Fig 2. Registered FDI



Source: KIS, Bloomberg, FIA

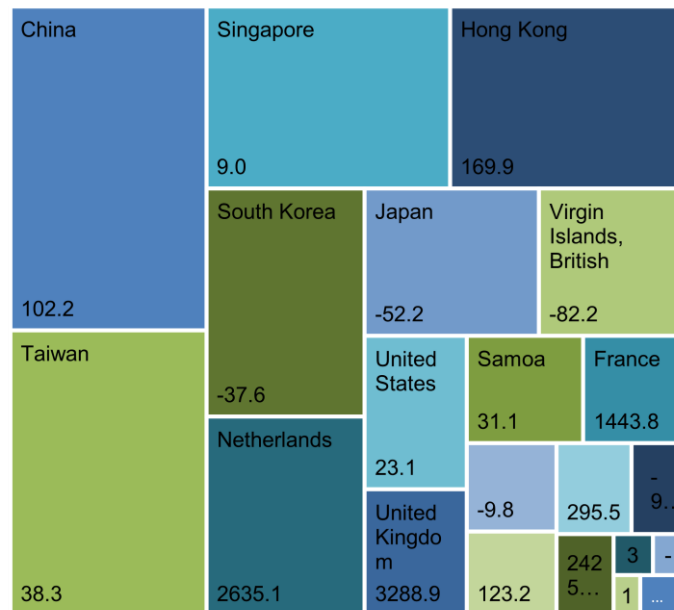
By sector, in November 2019, foreigners invested into 19 sectors and focused on *processing and manufacturing sector* with the total capital of USD1.74bn, accounting for 64.77% of total registered capital. *Real estate* stood the second position with a registered capital of USD331.26mn, accounting for 12.36%. *Electricity* rose sharply to third position when there was USD90.6mn registered, accounting for 3.38%.

Fig 3. Registered FDI by Sector (% YoY)



Source: KIS, FIA

Fig 4. Registered FDI by Country (% YoY)

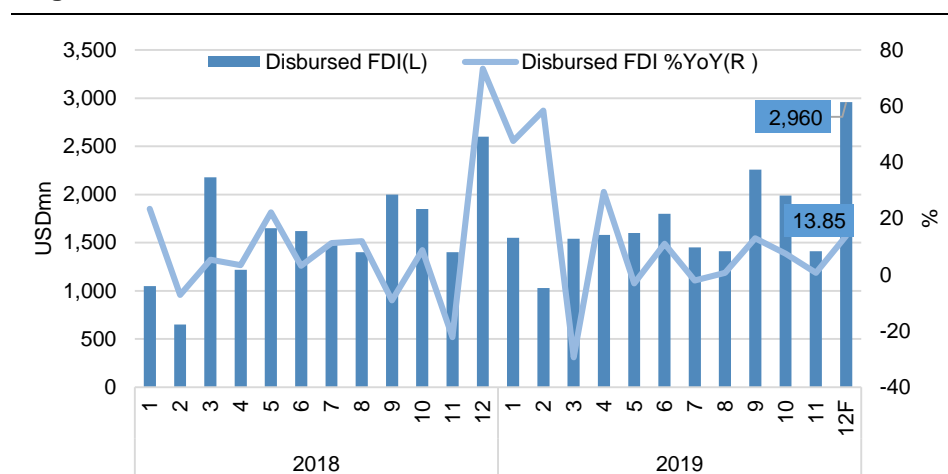


Source: KIS, Bloomberg, FIA

By origin, 103 countries and territories were investing into Vietnam in November 2019. *China* was the largest investor with the total investment of USD364.66mn, accounting for 13.60% of the total registered capital. *Taiwan* ranked the second with USD320.69mn and 11.96% of the total. *Singapore* stood the third position with

USD254.45mn and 9.49%. *Hong Kong* and *South Korea* were in the fourth and fifth largest investors with USD243.45mn and USD207.11mn, respectively.

Fig 5. Disbursed FDI



Sources: KIS estimate, FIA

PREDICTION:

Using the time-series model, we forecast disbursed FDI to increase by 13.85% YoY, recording USD2.96bn in December 2019.

Industrial Production sees a slowdown

In November, the Industrial Production expansion recorded a 3-year lowest rate of about 5.41% YoY since January 2017, mainly attributed to the Mining and Manufacturing sectors. Accordingly, while the former dropped by -5.32% YoY, the latter slows adjust 6.53% specifically.

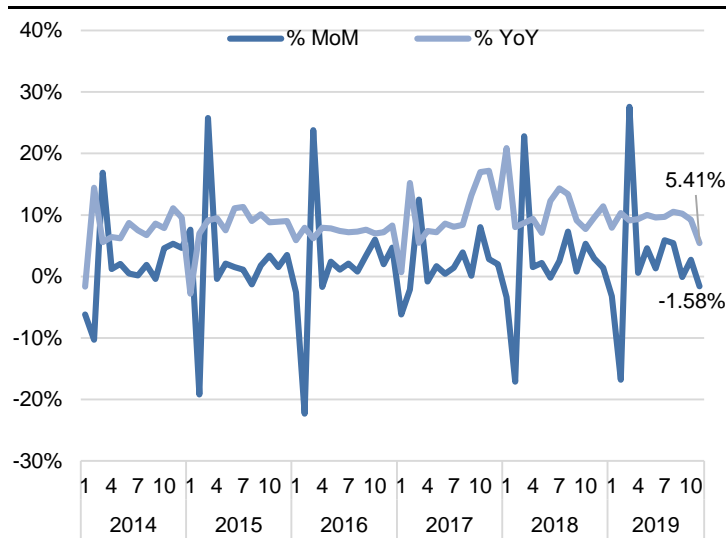
Regarding the Mining and Quarrying industry, the crude oil & natural gas exploitation saw a sharp decrease of -10.38% YoY, resulting in a slump in the mining support service activities. These two sub-sectors mainly drove the whole Mining industry down in November.

For the manufacturing industry, in comparison with November 2018, 3 out of 24 sub-sectors experienced a contraction in operation, while others saw an expansion in production. Most notably, the manufacturing of refined petroleum products suddenly plummeted by -46.4% YoY last month due to major maintenance of the Nghi Son Refinery and Petrochemical factory from late-October. However, the factory is expected to re-operate in mid-December.

Year-to-date, in 11M2019, only 3 out of 33 sub-sectors decreased slightly in production, while the majority performed relatively well. On top of that, metals mining and manufacturing indices, thus far, are the best performers when increasing by 24.86% YoY and 31.74% YoY, respectively. Moreover, despite slumping in

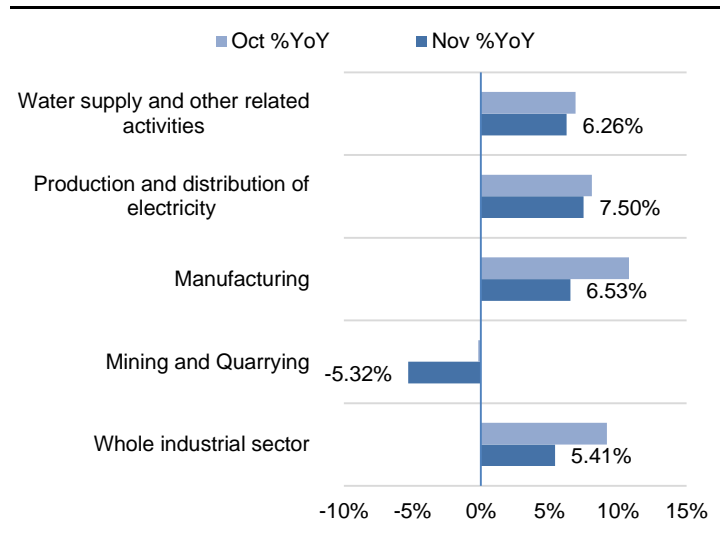
November, refined petroleum production still soared by 24.86% YoY in 11M2019 thanks to the operation of the Nghi Son refinery and petroleum factory since December 2018. Finally, both textiles and beverage sub-sectors increased impressively by more than 11% YoY.

Fig 6. Industrial Production Index (IIP)



Source: GSO

Fig 7. IIP by sectors in Nov 2019



Source: GSO

PREDICTION:

We expect the IIP to continue to slow down in December due to the following reasons:

- The manufacture of refined petroleum products will expectedly slightly rebound in December as the largest oil refinery is expected to re-operate in mid-December.
- The whole industrial sector will be affected by 2020 Lunar New Year holidays in January. In the past, we see industrial production usually falls sharply by the end of Lunar Year.

Vietnam dong is stable

At 30 November 2019, USDVND was traded at 23,197 (or 23,197 Vietnam dong for 1 U.S. dollar), decreasing by 0.022% MoM.

In the context of the ongoing U.S.-China trade talks, the values of Vietnam dong, other Southeast Asia popular currencies as well as Chinese yuan against U.S. dollar were almost unchanged in November after declining markedly in October. In particular, Indonesia rupiah (USDIDR +0.48%MoM), Philippines peso (USDPHP +0.09%MoM), Singapore dollar (USDSGD +0.46%MoM) and Thailand bath (USDTHB +0.13%MoM) slightly depreciated, while Chinese renminbi (USDCNY -0.10%MoM) and Malaysia ringgit (USDMYR -0.01%) appreciated somewhat.

Fig 8. Vietnam exchange rate - USDVND

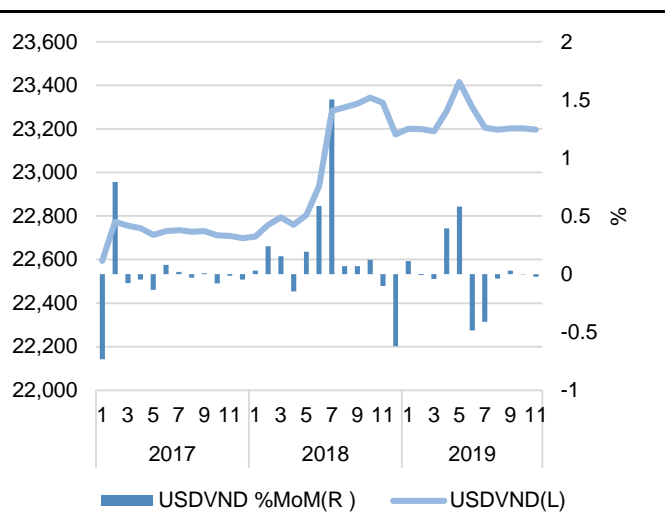
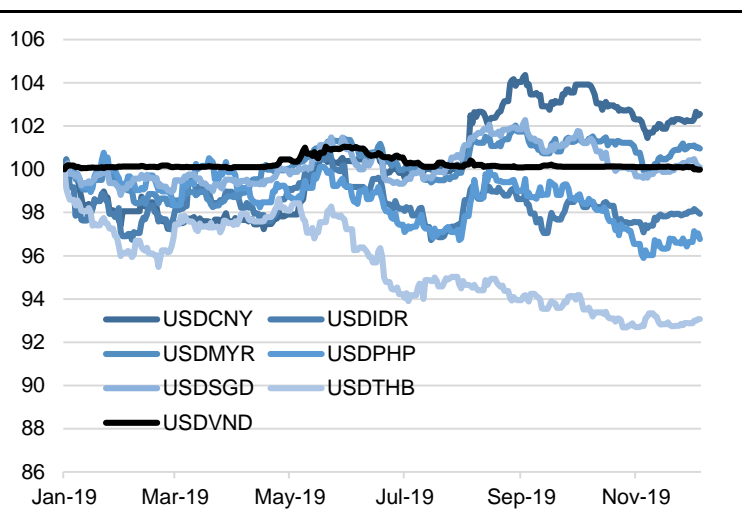


Fig 9. Movements of some major currencies in Southeast Asia in 2019



Source: KIS, Bloomberg

Year to date, Vietnam dong (USDVND +0.09%), Malaysia ringgit (USDMYR +1.07%), and Singapore dollar (USDSGD +0.41%) depreciated against the U.S. dollar, while Philippines peso (USDPHP -3.37%), Indonesia rupiah (USDIDR -1.96%), and Thailand bath (USDTHB -7.13%) moved in the opposite direction.

PREDICTION:

In spite of threats from being labeled as currency manipulator by the U.S. Treasury, the impressive cumulative trade surplus of USD8.81bn in eleven months through November and high foreign reserve (USD70bn as of Oct 2019) are assumed to help the Vietnam dong stable in the next few months.

Vietnam state budget records a cumulative surplus of VND88.3trn

As of 15th Nov 2019, total government revenue achieved VND1,299.4trn, equaling 92.1% of the year estimate. Of which, domestic revenue posted VND1051.2trn, equaling 89.6% of the annual estimate. Notably, revenue from crude oil achieved VND49.5trn, equaling 111.1%, while that from export-import activities obtained VND194.5trn, equaling 102.8%.

Meanwhile, total expenditure was estimated at VND1,211.1trn, fulfilling 74.1% of the year estimate. In particular, the regular expenditure posted VND858.4trn, equaling 85.9% of the year plan, the development and investment spending achieved VND228.9trn, accounting for 53.5%, and the interest payment was VND93.4trn, equaling 74.8%.

As a result, year-to-date, the state budget recorded a surplus of VND39.8trn.

Macro scorecard

	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	4Q18	1Q19	2Q19	3Q19	2016	2017	2018	2019P
Real GDP growth (%)							7.31	6.82	6.73	7.31	6.21	6.81	7.08	6.80
Registered FDI (USDbn)	1.73	1.75	2.41	3.54	2.95	2.68	5.04	10.09	10.81	7.66	20.95	35.88	35.47	18.20
GDP per capita (USD)											2,172	2,353	2,551	2,730
Unemployment rate (%)											2.33	2.21	2.21	2.25
Export (USDbn)	21.43	22.98	25.88	23.36	22.40	22.60	64.15	58.76	63.77	72.22	176.6	215.1	243.5	280.8
Import (USDbn)	19.49	22.94	22.45	21.75	22.50	22.50	63.81	57.09	63.68	67.14	175.0	213.2	236.7	268.3
Export growth (%)	7.66	11.10	10.41	10.68	7.33	3.77	6.75	5.10	9.17	10.72	8.99	21.82	13.19	15.33
Import growth (%)	1.12	7.53	5.87	11.77	2.89	4.52	10.28	7.25	10.12	8.30	5.55	21.85	11.01	13.36
Inflation (% YoY)	2.16	2.44	2.26	1.98	2.48	3.25	3.44	2.63	2.66	2.23	2.66	3.53	3.54	4.00
USDVND	23,301	23,205	23,196	23,203	23,202	23,197	23,175	23,189	23,301	23,203	22,761	22,698	23,175	23,200
Credit growth (%)	7.36	7.48	8.16	9.40			13.89	3.13	7.36	9.40	18.25	18.24	13.89	14.00
10yr government bond (%)	4.75	4.69	4.87	4.07	3.70	3.58	5.07	4.78	4.66	4.07	6.23	5.14	5.07	5.00

Source: GSO, Bloomberg, FIA, IMF

Contacts

HCM City Head Office

Level 3, Maritime Bank Tower
180-192 Nguyen Cong Tru St., District 1, HCM City
Tel: (+84 28) 3914 8585
Fax: (+84 28) 3821 6898

Pham Ngoc Thach Transaction Office

Level 3, 62A Pham Ngoc Thach, District 3, HCM City
Tel: (+84 28) 7108 1188
Fax: (+84 28) 3820 9229

Hanoi Branch

Level 6, CTM Tower
299 Cau Giay, Cau Giay District, Hanoi
Tel: (+84 24) 3974 4448
Fax: (+84 24) 3974 4501

Ba Trieu Transaction Office

Level 6, 74 Ba Trieu, Hoan Kiem District, Hanoi
Tel: (+84 24) 7106 3555
Fax: (+84 24) 3632 0809

Lang Ha Transaction Office

Level 5, TDL Tower, 22 Lang Ha, Dong Da District, Hanoi
Tel (+84 24) 7108 1188
Fax: (+84 24) 3244 4150

Research Department

Mr. Huy Hoang, CFA

Head of Research
(+84 28) 3914 8585 (x1450)
huy.hoang@kisvn.vn

Institutional Brokerage

Ms. Uyen Lam

Head of Institutional Brokerage
(+84 28) 3914 8585 (x1444)
uyen.lh@kisvn.vn

Disclaimer

This report has been issued by the **KISVN Securities Corporation (KIS)** with the instructional contributions of **KISVN Securities Corporation** whose employees are specified in the publication. This report is for information of its institutional and professional customers.

This report is and should not be construed as an offer to sell or a solicitation of an offer to purchase or subscribe for any investment. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient. Investors are advised make their own financial decisions based on their independent financial advisors as they believe necessary and based on their particular circumstances such as their financial situation, investment objectives and other considerations.

In preparing this report, we have relied upon and assumed the accuracy and completeness of all information available from public and other sources which we believe to be reliable, but which we have not independently verified. KIS makes no express or implied guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information.

Opinions, estimates, and projections expressed are current opinions of the authors as of the original publication date appearing on this report only and the information, including the opinions contained herein, and are subject to change without notice.

KIS and its affiliates may from time to time perform investment banking or other services for, or solicit investment banking or other business from, companies mentioned herein. Further, KIS and its affiliates, and/or their officers, directors and employees involved in the preparation or issuance of this report may, from time to time, have long or short positions in, and buy or sell, the securities, or derivatives (including options) thereof, of companies mentioned herein, or related securities or derivatives in a manner that may be consistent or inconsistent with this report and opinions expressed therein. As a result, investors should be aware that KIS and its affiliates and/or their officers, directors and employees may have a conflict of interest that could affect this report.

This report shall not be copied, reproduced, distributed (in whole or in part) or disclosed by recipients to any other person without the express permission of KIS in writing.