MACRO AND STOCK MARKET OUTLOOK

VIETNAM vs OTHER REGIONAL COUNTRIES
CONTENT

MACRO OUTLOOK

STOCK MARKET OUTLOOK
VIETNAM’s ECONOMY: ANALYSIS

**POLITICAL**
- Stable political environment
- High trade openness
- Strong commitments to reforms
- Changes in tax policies

**ECONOMIC**
- Solid economic growth momentum
- Flexible exchange rate
- Inflation under control
- Reducing the fiscal deficit

**SOCIAL - CULTURAL**
- Young population structure
- Growing middle class
- Well-educated labor force

**TECHNOLOGICAL**
- Easy access to Internet Services
- Potential development of BPO industry
- Challenges from the 4th industrial revolution
GDP growth (% YoY)

- China: 6.6% (2018E), 6.3% (2019F)
- Indonesia: 5.2% (2018E), 5.3% (2019F)
- Malaysia: 5.0% (2018E), 4.8% (2019F)
- Philippines: 6.4% (2018E), 6.7% (2019F)
- Thailand: 4.5% (2018E), 4.3% (2019F)
- Vietnam: 6.9% (2018E), 6.8% (2019F)
Inflation (% YoY)

Source: ADB, RongViet Securities
Currency depreciation (% YTD)

- Thailand: 0.8%
- Malaysia: 2.6%
- Vietnam: 2.9%
- China: 5.6%
- Philippines: 8.8%
- Pakistan: 11.2%
- Indonesia: 12.0%
- India: 15.5%

Source: Bloomberg, RongViet Securities
Vietnam’s Public debt (%/GDP)

Source: MOIT, RongViet Securities
## Interest rate (%/year)

### Table 1: Policy rate (as of 19 September 2018)

<table>
<thead>
<tr>
<th>No.</th>
<th>Economy</th>
<th>% per annum</th>
<th>Date of decision</th>
<th>% change since January 2018</th>
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<tbody>
<tr>
<td>1</td>
<td>Malaysia</td>
<td>3.25</td>
<td>25-Jan-18</td>
<td>0.25</td>
</tr>
<tr>
<td>2</td>
<td>Philippines</td>
<td>4.00</td>
<td>9-Aug-18</td>
<td>1.00</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>4.35</td>
<td>23-Oct-15</td>
<td>0.00</td>
</tr>
<tr>
<td>4</td>
<td>Indonesia</td>
<td>5.50</td>
<td>15-Aug-18</td>
<td>1.25</td>
</tr>
<tr>
<td>5</td>
<td>Japan</td>
<td>(0.10)</td>
<td>19-Sep-18</td>
<td>0.00</td>
</tr>
<tr>
<td>6</td>
<td>Thailand</td>
<td>1.50</td>
<td>19-Sep-18</td>
<td>0.00</td>
</tr>
<tr>
<td>7</td>
<td>India</td>
<td>6.50</td>
<td>1-Aug-18</td>
<td>0.50</td>
</tr>
<tr>
<td>8</td>
<td>Pakistan</td>
<td>7.50</td>
<td>16-Jul-18</td>
<td>1.75</td>
</tr>
<tr>
<td>9</td>
<td>Vietnam</td>
<td>6.25</td>
<td>N/A</td>
<td>0.00</td>
</tr>
</tbody>
</table>

*Source: ADB, RongViet Securities*
<table>
<thead>
<tr>
<th></th>
<th>HSX</th>
<th>HNX</th>
<th>Upcom</th>
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<tr>
<td>YTD growth</td>
<td>1.2%</td>
<td>-2.1%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Market cap (Bn USD)</td>
<td>136.9</td>
<td>4.8</td>
<td>18.1</td>
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<tr>
<td>Average trading value (Mn USD)</td>
<td>204</td>
<td>35</td>
<td>12</td>
</tr>
<tr>
<td>Foreign ownership</td>
<td>22%</td>
<td>16%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Structure of the VN-Index

Source: Bloomberg, RongViet Securities
VN-Index performance

VN-Index’s CAGR: 25%/year
(in terms of local currency)

Source: Bloomberg, RongViet Securities
Earnings Growth of VN-Index 2007-2018

Vietnam Stock Market Relative Valuation

VN-Index Historical Trailing P/E Ratio

Source: Bloomberg, RongViet Securities

VASB - Vietnam Macro And Stock Market Outlook
Supportive Factors for the Market

- Upgrading from Frontier Market to Emerging market by 2020
- FOL potentially lifted to 100% in 2019
- Speeding up the state divestment activities
- Solid economic growth momentum
- Abundant room for growth: only 2 Mn trading accounts out a population of 90 Mn