

Macro Report

June 2024 Report: TVS Research expects 2024's economic growth to reach 6.3% following the positive results in Q2 2024

Global Macroeconomics – The Federal Reserve continues to maintain a cautious stance on lowering interest rates despite the decrease in inflation in June

TVS Research maintained the view that the FED may lower interest rates at most once in 2024, and it will occur in Q4 2024 as stated in the previous report. Currently, the Federal Reserve continues to hold interest rates steady and monitor domestic inflation trends and economic growth.

In Europe, after lowering interest rates once in June, we believe that the European Central Bank needs to observe economic growth trends before deciding to lower interest rates further.

Vietnam Macroeconomics – Economic growth in Q2 2024 surged significantly to 6.9% YoY

Overall, Vietnam's GDP growth reached 6.4% YoY in 6M 2024. Exports and imports improved significantly in June, indicating optimistic signs for trading activities in the rest of the year. The overall CPI in June reached 4.3% YoY, mainly affected by the rise of the Foods and Beverage Services group.

Money Market – SBV has implemented regulatory measures to curb the rise of the exchange rate

The official USD/VND exchange rate remained around 25,473 VND/USD, while the free-market rate increased significantly by 0.9% in June. We believe exchange rate pressure will persist in the second half of 2024.

Commodity Market – Commodity prices were flat in June

Commodity prices remained flat in June as the BCOM index decreased slightly (-1.9% MoM). The BCOM index remained unchanged for the month as the increase in oil prices balanced out the decline in iron ore and grain prices.

International Macroecon Index	T6/24	% MoM	%YTD
Inflation:			
United States	3.3%	-0.1%	0.1%
EU region	2.4%	0%	-0.4%
China	0.3%	-0.1%	0.3%
PMI:			
United States	51.3	1.0	3.7
EU region	45.8	-1.5	-0.6
China	51.8	0.1	0.3

Vietnam Macroecon Index	T6/24	% MoM	%YoY
CPI	4.3%	0.2%	4.3%
PMI	54.7	4.4	8.5
IIP	10.9%	0.7%	10.9%
Export (bn USD)	33.1	0.9%	12.4%
Import (bn USD)	30.2	-10.8%	12.9%
Retail (bn thousand VND)	522.5	1.1%	9.1%
PI (bn thousand VND)	53.7	11.2%	-1.4%
FDI (bn USD)	2.6	31.6%	9.3%

Currency Market	T6/24	%MoM	%YTD
USD/VND	25,474	0.0%	4.9%

Commodity Market	T6/24	%MoM	%YTD
BCOM Index	101	-1.9%	2%

Chú thích:

■	Better than previous
■	Worse than previous period

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Global Macroeconomics

We believe that the Fed may maintain interest rates at their current level until the end of Q3 2024.

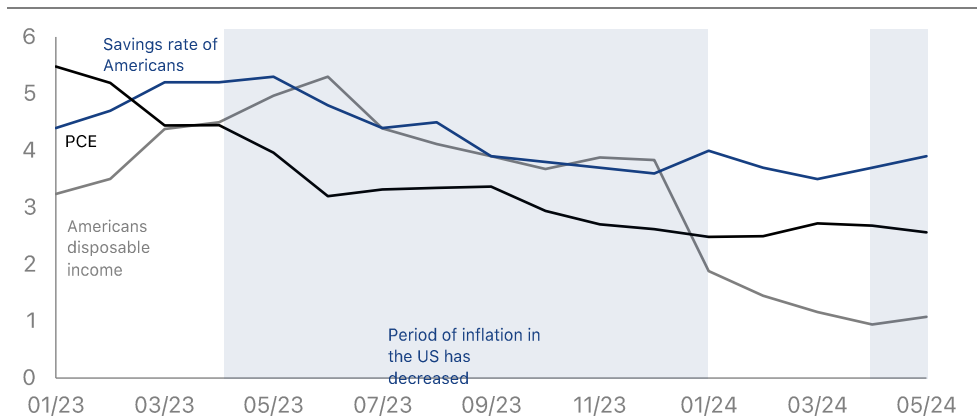
TVS Research maintains the view that the Fed may lower interest rates at most once in 2024.

In previous reports, we indicated that the Fed would not lower rates prematurely while the US economy continues to grow, and they remain cautious of the risk of inflation resurgence if rates are lowered. In July 2024, some macroeconomic data supports this view, such as:

- The US economy is forecasted to continue growing in Q2 2024, with an expected increase of +1.7% QoQ according to the Atlanta Fed's projections
- In May 2024, inflation in the United States decreased (PCE +2.6% YoY, down from 2.7% in Q4 2023); however, the Fed maintains a cautious stance on lowering interest rates in the near term. TVS Research suggests that the primary reason could be that disposable income and savings of Americans are increasing again. This could lead to higher domestic consumption in the US and consequently, an increase in inflation

Chart 1: Inflation in the US has slightly decreased, however, increasing disposable income and savings among the population could lead to higher consumer spending, potentially causing inflation to rise again.

PCE index, disposable income, and savings rate of Americans from Q1 2023 to present [%]



Source: FRED, TVS Research

TVS Research believes that the ECB needs to observe economic growth data before deciding to further lower interest rates.

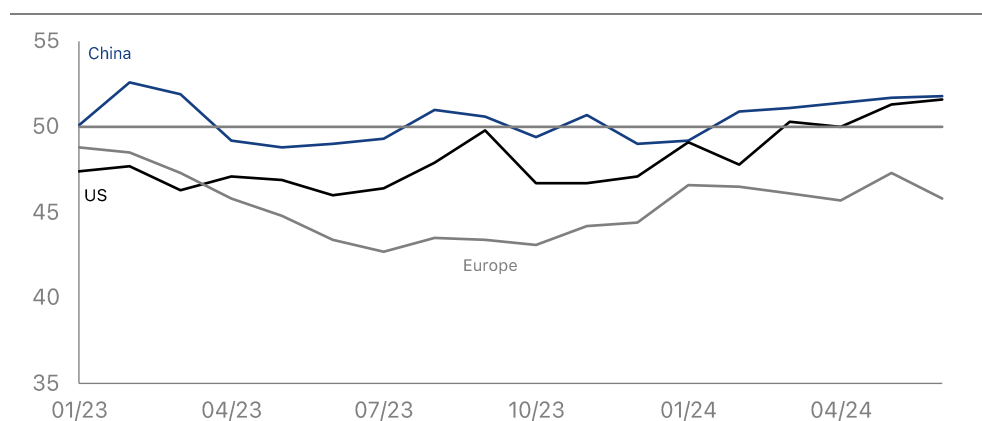
Industrial production in Europe declined again in June 2024. The manufacturing PMI for June 2024 fell to 45.8 points from 47.3 points in May 2024. According to TVS Research, this decline was mainly due to a decrease in new orders in June, along with weakened consumer spending in Europe, which led to a downturn in production activities.

The European Central Bank reduced the base interest rate by 0.25% in June 2024. However, industrial production and personal consumption

remained weak. Therefore, we believe the European Central Bank will continue to monitor economic growth data before deciding on further lowering interest rate.

Chart 2: Industrial production in Europe continues to stagnate, while the US and China experienced an expansion in industrial production in June

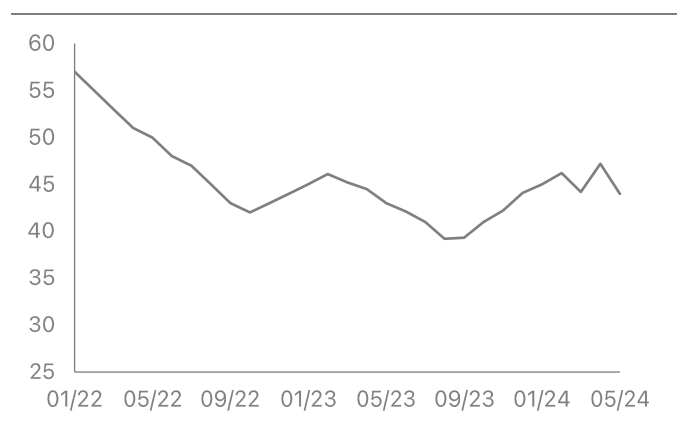
Manufacturing PMI for China, the US, and Europe [points]



Source: S&P, TVS Research

Chart 3: Industrial production declined due to a decrease in new orders

New Orders Index in the European Region [%]



Source: Bloomberg, TVS Research

Chart 4: Consumption in Europe has recovered but remains at a low level in June 2024

Consumer Confidence in the European Region [points]



Source: Bloomberg, TVS Research

Vietnam Macroeconomics

Vietnam GDP grew strongly in Q2 2024.

According to the GSO, Vietnam's GDP in Q2 2024 achieved strong increase of 6.9% YoY – the highest quarterly economic growth since Q3 2022. Overall, in H1 2024, Vietnam's GDP growth reached 6.4% YoY. The economy has been showing positive recovery steps in recent quarters, mainly driven by the strong recovery of imports-exports and, subsequently, domestic industrial production.

On the supply side, Services and Industry & Construction sectors remained the driving forces behind economic growth in H1 2024. The service sector grew by 6.6% YoY, thanks to (i) government policies supporting domestic consumption and boosting international tourism, and (ii) a strong recovery in exports, which spurred growth in ancillary service sectors such as transportation and warehousing. Additionally, the strong increase in exports supported industrial production, which grew by 8.7% YoY, thus helping the Industry & Construction sector to grow by 7.5% YoY, contributing 44.3% to GDP growth in H1 2024.

On the demand side, the main contributor to GDP growth in H1 2024 was the final consumption (accounting for 64.3%), with a growth rate of 5.9% YoY, an improvement from the 4.7% YoY growth in Q1 2024. This somewhat reflects the signals of recovery in domestic consumption during the H1 2024.

Chart 5: GDP growth in Q2 2024 reached 6.9% YoY

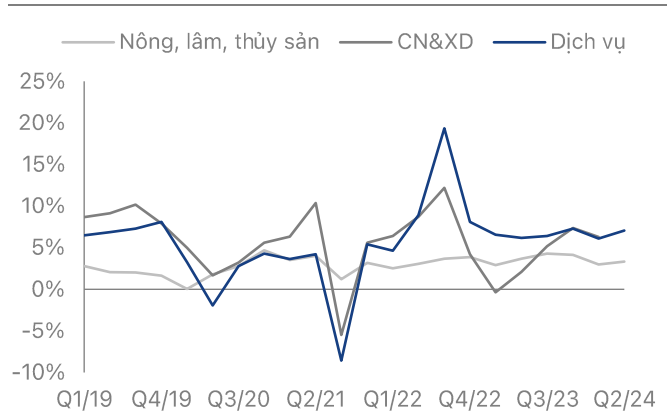
Vietnam's quarterly GDP growth [% YoY]



Source: Fiinpro-X, TVS Research

Chart 6: The main contributors are the Industry & Construction and Services sectors

Vietnam's GDP growth by sector [% YoY]



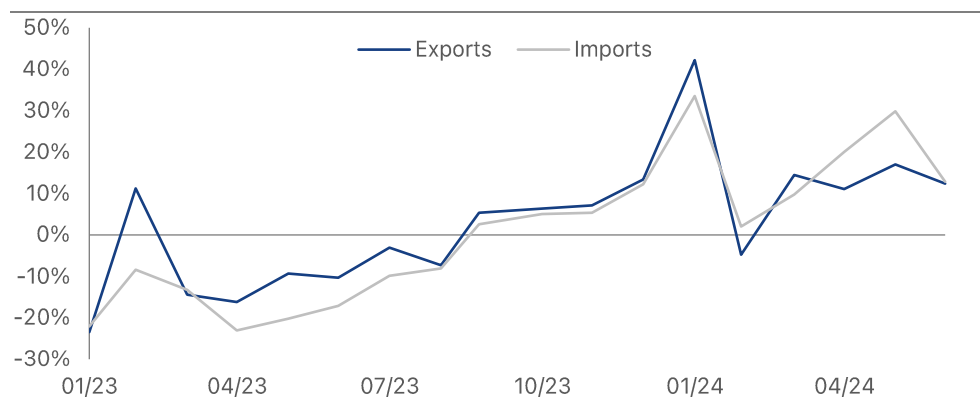
Source: Fiinpro-X, TVS Research

Trade activities continued to maintain strong growth in June.

The export value in June 2024 reached USD 33.1 bn (+12.4% YoY, +0.9% MoM). Among them, export items from the FDI sector accounted for a large proportion, such as computers (+16.3% YoY), phones (+12.7% YoY), and machinery & equipment (+27.9% YoY), all maintaining positive growth, continuing the recovery trend since the beginning of the year. The U.S. remains the largest market for Vietnam's exports, with a growth rate of 27.6% YoY and accounting for nearly 30% of the export turnover.

Chart 7: Exports and Imports maintained positive growth in June 2024

The monthly export growth from January 2023 - now [% YoY]



Source: GSO, TVS Research

Chart 8: Imports of textile raw materials have increased sharply in the last 2 months

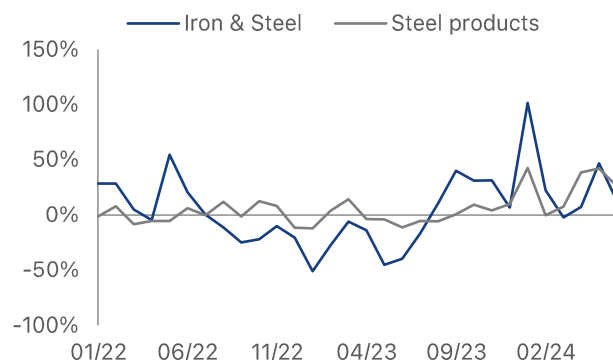
The growth in imports of textile raw materials [% YoY]



Source: Fiinpro-X, TVS Research

Chart 9: Imports of steel products have increased sharply in June 2024

Steel import growth & steel product import [% YoY]



Source: Fiinpro-X, TVS Research

We have raised our forecast for export and import growth in 2024 to 13% and 15% YoY.

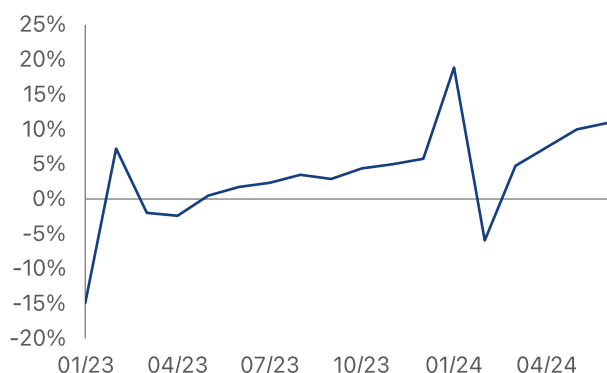
We have seen a strong improvement in import trends alongside the export recovery, indicating optimistic signals for the export situation ahead. Import volumes into Vietnam in Jun 2024 increased by 12.9% YoY, driven by significant increases in imports from (i) FDI sectors such as computers & components (+23.4% YoY) and machinery & equipment (+12.9% YoY), and (ii) key export sectors of domestic enterprises such as textiles (fabric and yarn up by 10% YoY and 21.8% YoY respectively) and steel (+23.7% YoY). We believe these activities in production and export will continue to grow in the coming months, as imports typically lead exports by 2-3 months. This sets the stage for Vietnam's economic growth in Q3-Q4 this year. We have adjusted our forecasts for Vietnam's export and import growth in 2024 to 13% YoY and 15% YoY respectively (compared to 9% and 12% in the TVS Research 2024 Strategy Report).

The manufacturing activity continued to grow in June 2024, following the export recovery trend.

In June 2024, Vietnam's Industrial Production Index (IIP) reached 10.9% YoY. Additionally, Vietnam's Manufacturing Purchasing Managers' Index (PMI) increased by 4.4 points to 54.7, marking the strongest growth since October 2021. Demand for imports from major export markets has increased, leading to the highest growth in new orders since Q3 2011. This has resulted in increased demand for input goods for production, as post-production inventories have declined the most in the past three years. With recent expansions in manufacturing, we expect industrial production activity to continue growing, especially given the positive signals in export-import activities.

Chart 10: IIP continued its strong recovery in Jun, approaching a growth rate of nearly 11%

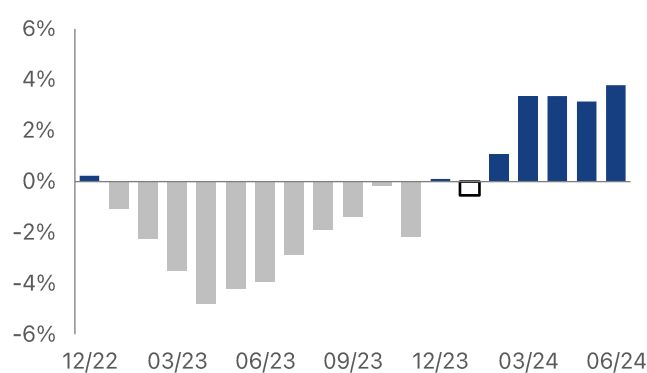
The Index of Industrial Production (IIP) by month from 2023 - now. [% YoY]



Source: Fiinpro-X, TVS Research

Chart 11: Labor demand returning since Q3 2024

Growth in Labor Utilization across Industries [% YoY]



Source: Fiinpro-X, TVS Research

Newly registered FDI

In June 2024, total registered FDI reached USD 4.1 billion (+59.7% YoY), while realized FDI amounted to USD 2.6 billion (+9.3% YoY).

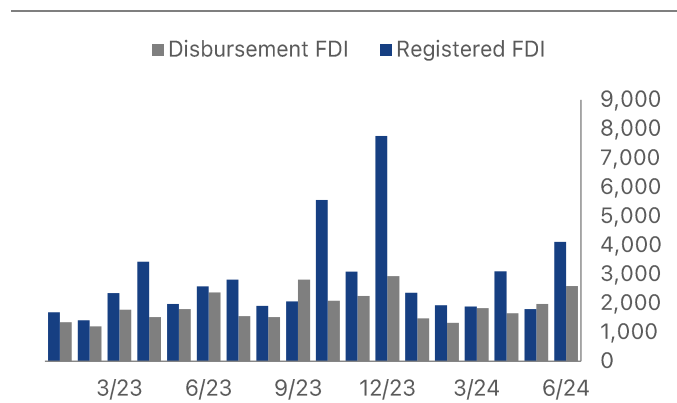
capital flows continue to dominate in the manufacturing sector.

Within the month's registered FDI structure, the manufacturing sector continued to lead with a total value of USD 3.3 billion (+79% YoY), accounting for 70% of the total registered FDI in Jun 2024. In terms of investor origins, Singapore and Japan were the top two countries registering investments in Vietnam since the beginning of the year, comprising 36.7% and 11.4% of the total registered FDI, respectively.

In the coming period, we maintain the view that the trend of FDI inflows will continue to grow, driven by Vietnam's competitive advantages such as strategic location and favorable business environment for foreign enterprises. Additionally, collaborative efforts and strategic enhancements in relations with major markets such as the US, Japan, and Australia will create new opportunities to attract investors to Vietnam.

Chart 12: Registered and realized FDI capital saw significant growth in June 2024

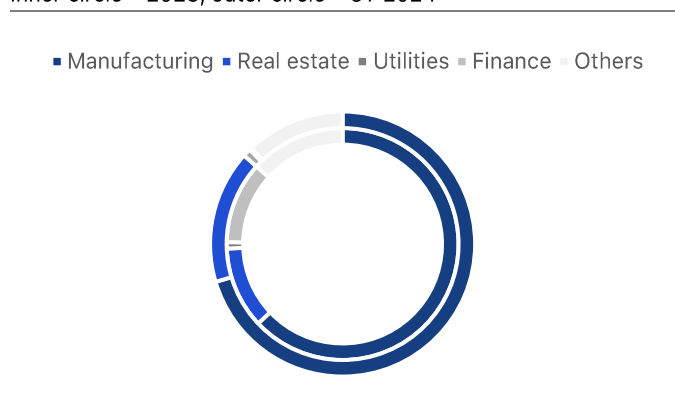
Registered and realized FDI capital by month [YoY]



Source: Fiinpro-X, TVS Research

Chart 13: Industry and RE sectors are the main industries attracting FDI inflows in Q2 2024

Structure of registered FDI by sector [%]
Inner circle – 2023, outer circle – 6T 2024



Source: Fiinpro-X, TVS Research

Retail sales continue to maintain growth above 9% in Q2 2024.

The retail sales of goods and services in Jun 2024 **grew by +9.1% YoY and +1.1% compared to the previous month**. Over H1 2024, retail sales increased by 8.6% YoY and by 5.7% excluding price factors. Despite continued policies supporting the retail sector during this period, we observe that purchasing power has not significantly increased due to consumers' incomes not improving notably, largely attributed to the slow recovery in manufacturing over the first six months of the year.

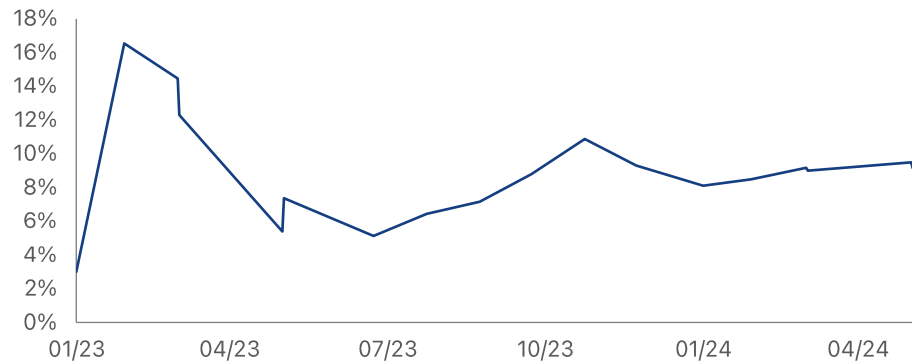
However, we still maintain a positive outlook on the prospects of the retail sector in the second half of the year due to:

- Improved employment and income for the population as the economy recovers, leading to a resurgence in business production and activities

- Fiscal policies are being expanded and maintained, such as the extension of the reduced VAT rate to 8% until the end of 2024
- Wage reforms effective from early July 2024 will increase base wages by an additional 30% and minimum wages by 6% compared to previous levels, enhancing purchasing power for the population.

Chart 14: The retail sector growth rate in June 2024 increased by 9.1% (YoY)

The growth rate of total retail sales from January 2019 – now [% YoY]



Source: GSO, TVS Research

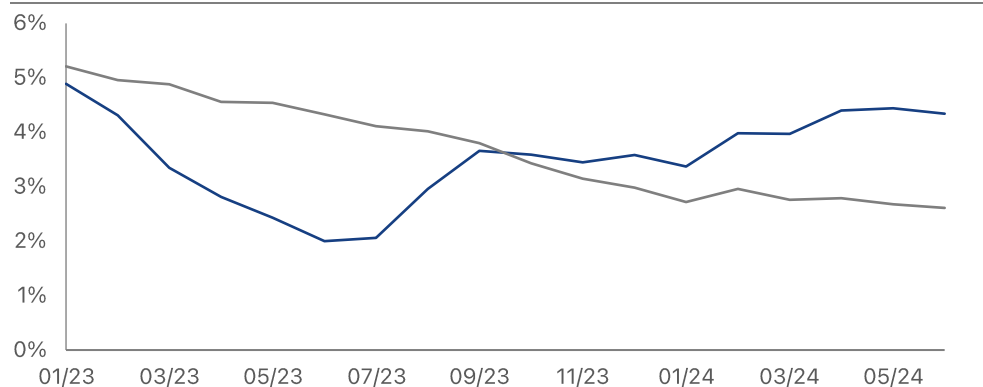
Inflation in Jun 2024 reached 4.3% (YoY).

Inflation in Jun 2024 remains high. The overall Consumer Price Index (CPI) reached 4.3% (YoY). Inflation in June continued to be driven primarily by the Foods & Beverage group (+4.7% YoY, contributing 1.5 percentage points to the overall CPI increase). This was due to significant increases in prices of food items such as pork and rice, exacerbated by disease outbreaks and seasonal shortages since late 2023. Additionally, prices for State-managed services such as Education (increased school fees for the 2023-2024 academic year in various localities) and Healthcare (higher medical examination and treatment fees since Nov 2023) also rose, contributing 0.9 percentage points to the overall CPI in Jun, with increases of 8.2% YoY and 7.6% YoY, respectively.

We believe that the ongoing rise in food prices, particularly pork and rice, will continue to exert pressure on the CPI in the coming months, given their relatively low base prices in 2023 and continued supply shortages. **Therefore, TVS Research expects the CPI to remain elevated, in the range of 4.2-4.4% in the coming months.**

Chart 15: The overall CPI saw a slight increase in June 2024 compared to May

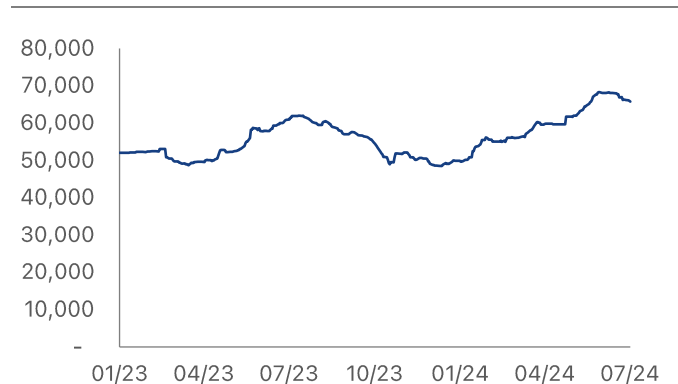
Core CPI and overall CPI by month from 2023 – now [%YoY]



Source: GSO, TVS Research

Chart 16: Pork prices reached a peak in June

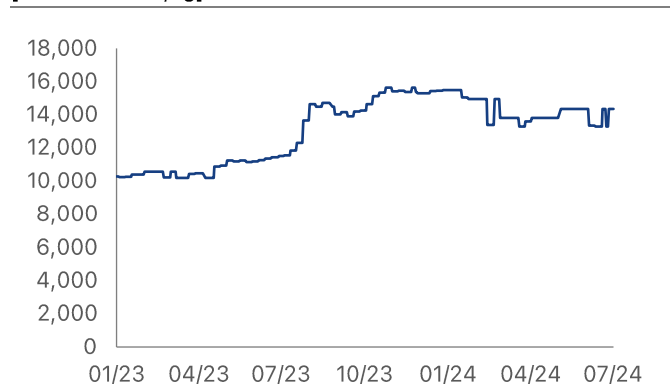
The average nationwide pork prices from January 2023 - now [VND/kg]



Source: Wifeed, TVS Research

Chart 17: Rice prices continue to remain high compared to the same period last year

The price of 5kg of rice at the export gate from 2023 - now [thousand VND/kg]



Source: Wifeed, TVS Research

Money Market

The exchange rate continues to exert pressure on the State Bank of Vietnam's monetary policy management.

In June 2024, the official USD/VND exchange rate maintained around 25,473 VND/USD, while the free-market rate increased sharply by 0.9% during the same period. According to TVS Research, the interbank exchange rate was mainly upheld by the State Bank of Vietnam (SBV) continuing to sell USD to commercial banks. However, the increase in the free-market exchange rate suggests a rising demand for USD among the public, creating a significant gap with the USD/VND rates at banks.

We believe that the pressure on the domestic USD/VND exchange rate will persist in the coming months as demand for USD increases due to higher imports by businesses needing USD for payments. Additionally, the Fed's delay in lowering interest rate will maintain a negative spread between USD and VND interest rates (-0.5% as of June 28, 2024), negatively impacting the USD/VND exchange rate. In the short term, we expect the exchange rate to hover around 25,500 VND as the SBV manages exchange rate pressures through monetary policy measures. Exchange rate pressures may ease towards the end of the year as the Fed begins to consider lowering interest rate.

Chart 18: The USD/VND exchange rate remained stable on the banking system throughout June 2024

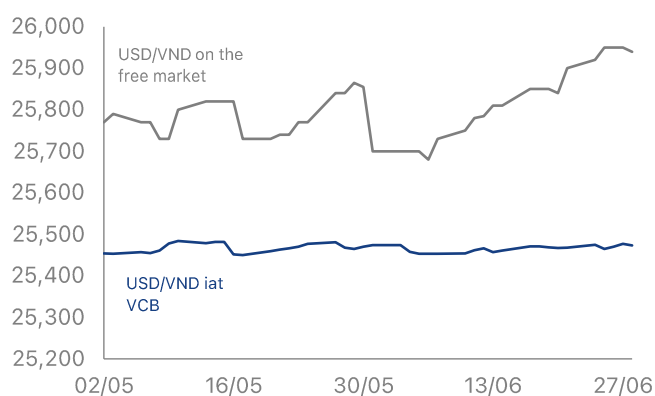
The performance of the USD/VND exchange rate in 2024 [% YTD]



Source: Bloomberg, TVS Research summary

Chart 19: ... while the USD/VND discrepancy between banks and the free market increased significantly

The USD/VND exchange rate between banks and the free market [VND]



Source: TVS Research summary

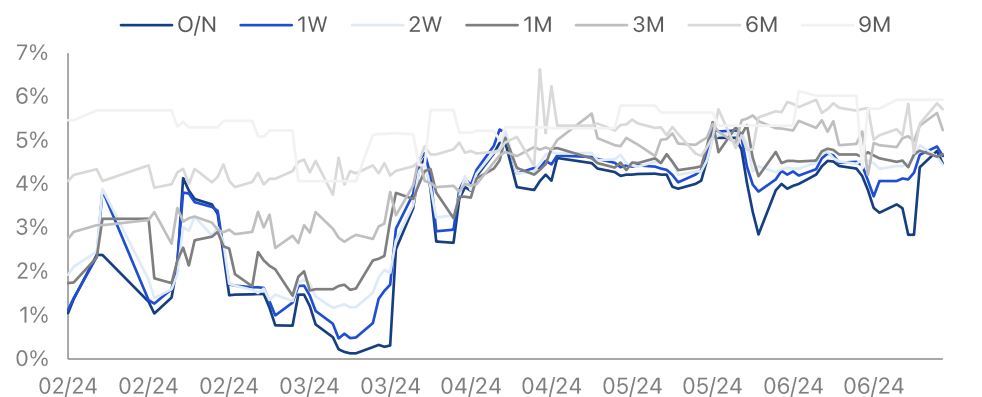
The interbank interest rate remained at 4% in June 2024.

In June 2024, the interbank interest rate environment remained stable, with the overnight average lending rate at approximately 4.0% per annum, slightly lower than the previous month. The stability in interbank interest rates during June was attributed to the State Bank of Vietnam (SBV) continuing to net withdraw over VND 127,000 billion in term deposits within the same month. The SBV also shortened the term of these deposits from 28 days to 14 days to alleviate liquidity shortages. By pushing the interbank interest rates above 4% and regulating the open market operations, the SBV narrowed the interest rate differential between USD and VND, thereby restraining significant fluctuations in the interbank exchange rate during June.

We believe there remains pressure on the USD/VND exchange rate, particularly as the Federal Reserve (FED) continues to postpone interest rate cuts. Therefore, we anticipate that the SBV will continue to implement regulatory measures in the open market should there be fluctuations in the exchange rate, as observed during the recent June period.

Chart 20: The short-term interbank interest rates remained around 4% throughout June 2024

"Short-term interbank interest rates have remained around 4% since the beginning – now [%/year]"



Source: FiinPro-X, TVS Research

Commodity Market

In June, demand for commodities diverged as oil prices increased while iron ore and wheat prices saw significant declines.

In June, commodity prices remained flat with the BCOM index nearly unchanged (-1.9% MoM). The BCOM index showed stability for the month as the price increase in oil balanced out the downward pressure from iron ore and grains.

According to TVS Research, global commodity prices may continue to rise in the second half of 2024, driven by ongoing increases in oil prices, while the decreases in prices for other commodities like iron ore and wheat are expected to be temporary.

Chart 21: The BCOM Index remained flat in June 2024

BCOM Index [points]



Source: Bloomberg, TVS Research

Energy Prices

- **Brent Crude Oil:** In June 2024, the price was \$86.4 per barrel, up 5.9% year-to-date. Oil prices rebounded as OPEC+ extended their production cuts until 2025. Additionally, decreasing U.S. oil reserves indicated a resurgence in oil demand.
- **Natural Gas:** In May 2024, the price was \$2.56 per mmbTU, unchanged from the previous month.
- **Newcastle Coal:** Prices slightly increased in May 2024 but then decreased to \$133.5 per ton.

Metal and Industrial Prices

- **COMEX Gold Futures:** In June 2024, prices remained flat at \$2,327 per ounce (+0.2% MoM).
- **Iron Ore:** Prices on the Singapore Exchange slightly declined to \$106.3 per ton due to a slowdown in demand from China.

Agricultural Prices

- **Wheat Futures:** Prices dropped significantly to \$553 per bushel.

Chart 22: The price of Brent crude oil surged significantly in June

Brent Crude Oil [USD/barrel]



Source: Bloomberg, TVS Research

Chart 23: Gold prices remained flat in June

Gold price FT [USD/ounce]



Source: Bloomberg, TVS Research

Chart 24: Iron ore prices slightly declined in June

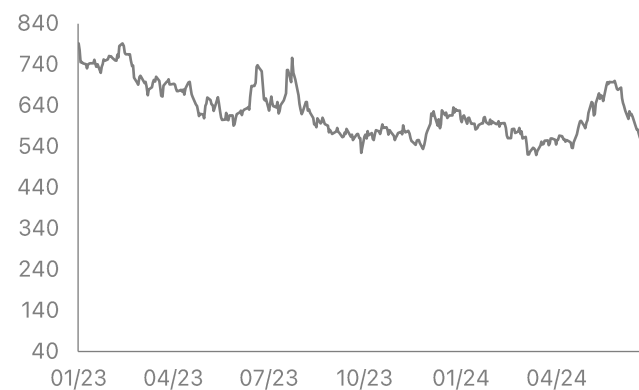
Iron ore price [USD/ton]



Source: Bloomberg, TVS Research

Chart 25: Wheat prices dropped significantly in June

Wheat price [USD/bushel]



Source: Bloomberg, TVS Research

Notable economic events in July

Date	Events	Mức độ ảnh hưởng
01/7/2024	Release of Vietnam's Manufacturing PMI Data	Vừa phải
05/7/2024	U.S. Unemployment Data for May 2024 Released	Vừa phải
11/7/2024	U.S. CPI Data for May 2024 Released	Vừa phải
14/7/2024	China Releases Q2 2024 GDP Data	Vừa phải
17/7/2024	European Union Releases CPI Data for June 2024	Vừa phải
18/7/2024	Expiration of VN30 Index futures contracts	Cao
29/7/2024	Release of Economic Data for Vietnam in July 2024	Cao

List of published reports

Categories	Titles	Company/Industry	Release date
Business report	Update report	KBC	19/6/2024
Market update	Stock Market Report May 2024	Market	07/6/2024
Macroeconomic report	Macroeconomic in May 2024	Macro	07/6/2024
Market update	Stock Market Report in April 2024	Market	08/5/2024
Macroeconomic report	Macroeconomic in April 2024	Macro	08/5/2024
Business report	Shareholders' meeting update report 2024	NLG	08/5/2024
Business report	Shareholders' meeting update report 2024	DXG	08/5/2024
Business report	Shareholders' meeting update report 2024	VHM	08/5/2024
Business report	Shareholders' meeting update report 2024	VRE	08/5/2024
Business report	Shareholders' meeting update report 2024	MBB	19/4/2024
Business report	Shareholders' meeting update report 2024	MWG	16/4/2024
Business report	Shareholders' meeting update report2024	FPT	15/4/2024
Business report	Shareholders' meeting update report 2024	HPG	12/4/2024
Market update	Stock Market Report March 2024	Market	08/4/2024
Macroeconomic report	Macroeconomic in March 2024	Macro	08/4/2024

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The recommendation system

The recommendations Buy, Sell, or Hold for stocks are determined based on the expected total return, which is the sum of the difference between the target price and the current market price of the stock, plus the expected dividend yield. Specific definitions for each recommendation level are as follows:

Recommendation ratings	Definition
BUY	Expected stock total return over 1 year > 20%
HOLD	Expected stock total return over 1 year is between -10% to 20%
SELL	Expected stock total return over 1 year < -10%

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