



Market Strategy Jan 2023

**TO START WITH A CLEAN
SLATE**

Jan 2023

VNDIRECT



Executive summary

VN-INDEX closed the year at 1,007.1 pts (-3.9% mtd, -32.8% ytd). We believe that the correction of the market can come from the following reasons: (1) investors took profits on the background that VN-Index had increased by nearly 20% from the bottom between mid Nov-22 and early Dec-22; (2) Investors tend to withdraw from the market in the week leading up to New Year's Eve; and (3) Investor sentiment was affected by negative macro information about exports and PMI data. Average trading value of three bourses was about VND16,252bn (US\$697m), +27.2% mom but -24.1% yoy. Foreign capital continued to strongly return to Vietnam's stock market in Dec-22 with net bought value of VND13,346bn (accounted for 46% total foreign net bought in 2022).

Fed slows rate hikes, but tightening cycle is unlikely to end anytime soon. In 14 Dec 2022, FED has raised its fund rates by 50 basis points, lower than the 75 basis points seen in previous hike and reminded markets that the battle against inflation will continue into 2023. We expect two more Fed rate hikes with a total increase of 50 basis points in the first quarter of 2023. We do not expect any rate cuts in 2023 unless the U.S. economy enters recession after all. With no recession in forecast, we expect the Fed only implements a first gentle 25bps cut in 1Q24.

Domestic interest rate hike slows down. At least 12 commercial banks, notably Vietcombank and Agribank, announced to reduce lending interest rates to support businesses, following the call of the SBV. The interest rate reduction is from 0.5%/year to 3.5%/year for loans in VND and for some existing corporate and individual customers. The SBV noted that banks with sufficient liquidity and relatively low lending interest rates will be granted higher credit quotas than others. For deposit rate, the Banking Association has urged banks to reduce the 12-month deposit interest rate to a maximum of 9.5%/year. After the call, some banks have reduced their 12-month deposit interest rates from over 10%/year to below 9.5%.

Keep a cautious mentality before the Lunar New Year holiday. We expect the VN-INDEX to fluctuate in the range of 1,000-1,100 points in Jan. Market liquidity remains weak ahead of Lunar New Year. Therefore, investors should be cautious before the upcoming holiday. Investors should limit the use of leverage (margin) at the moment to minimize risks.

New year, new fortune. We think market liquidity remains weak ahead of Lunar New Year. Therefore, the market's recovery might be fragile and volatile. Thus, we recommend investors to prioritize investing in undervalued stocks and dividend plays. In addition, investors should put on a watch list of stocks that benefit from the story of public investment and the reopening of China.

Gloomy market before New Year's Eve

Market recap

Dec 2022

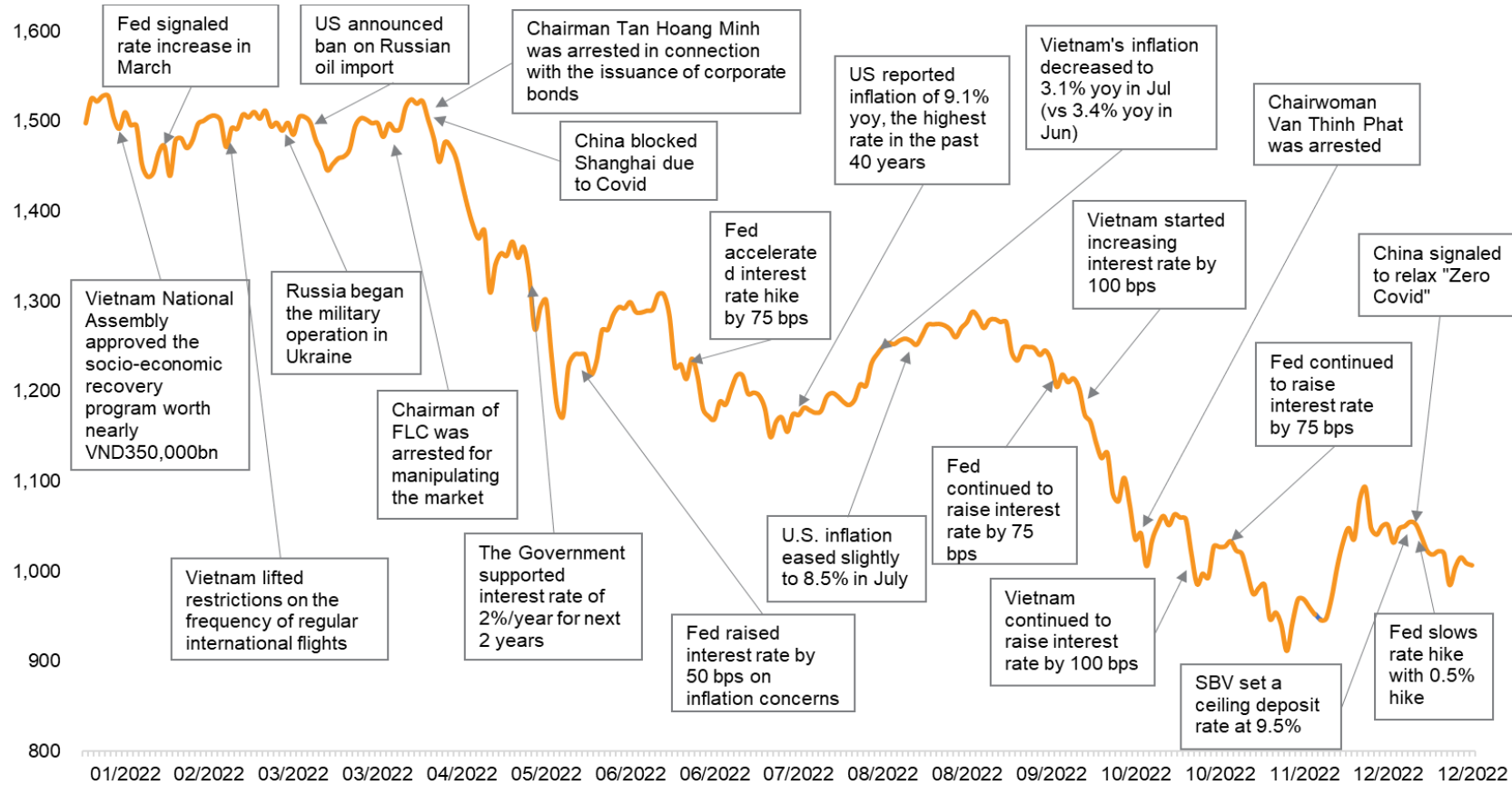
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VNDIRECT



VN-INDEX corrected after strong rally in Nov-22

VN-INDEX plummeted 3.9% in Dec 22 and 32.8% for the whole year 2022



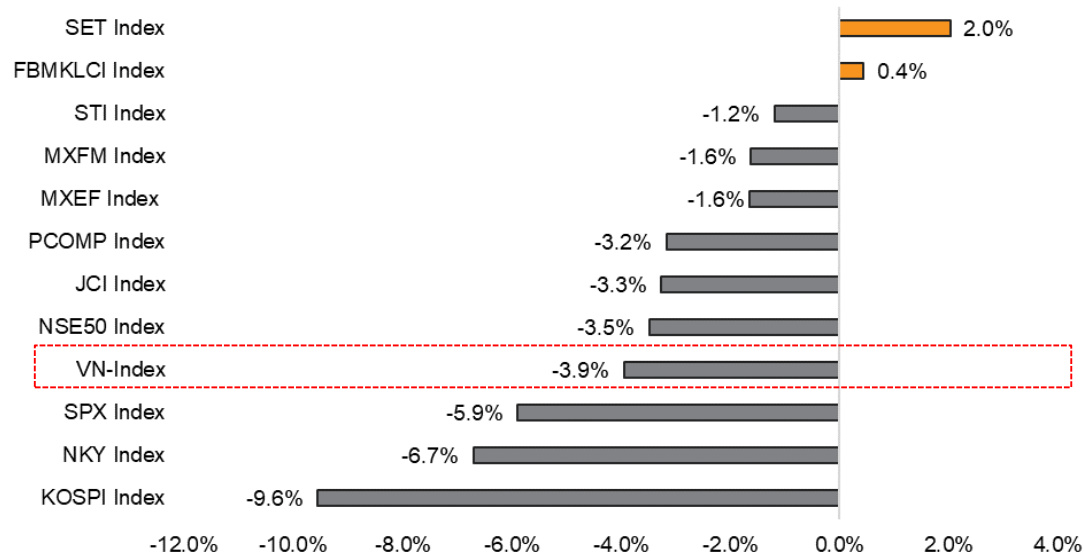
VN-INDEX decreased in Dec-22 and closed at 1,007.1 pts (-3.9% mtd, -32.8% ytd). We believe that the correction of the market can come from the following reasons:

- Investors took profits on the background that VN-Index had increased by nearly 20% from the bottom between mid Nov-22 and early Dec-22.
- Investors tend to withdraw from the market in the week leading up to New Year's Eve.
- Investor sentiment was affected by negative macro information about exports and PMI.

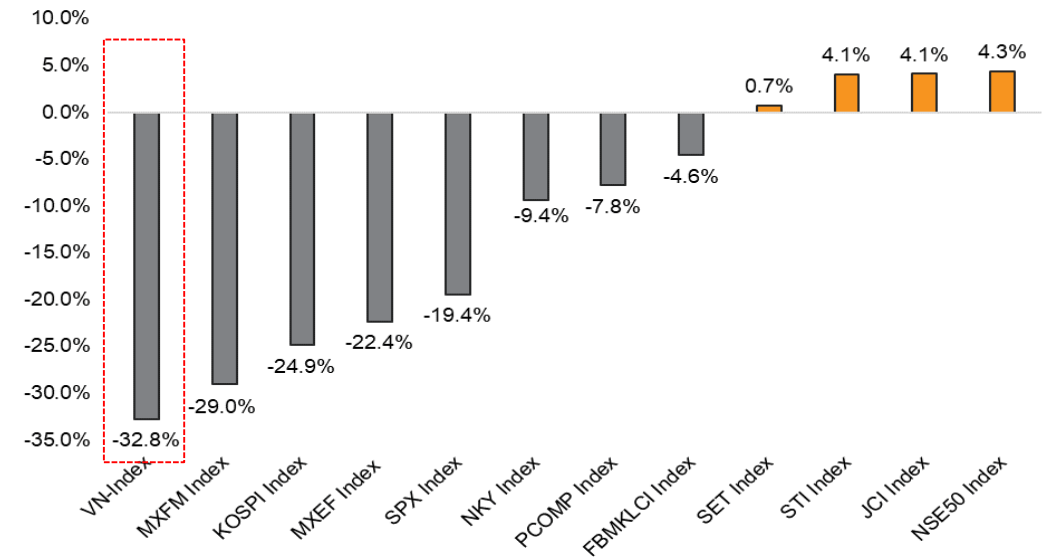
Meanwhile, the HNX-INDEX decreased 1.7% mtd while UPCOM-INDEX surged 1.1% mtd. Since the beginning of 2022, the HNX-INDEX declined 56.7% and UPCOM-INDEX also slumped 36.4%.

VN-INDEX performed worse than most of peers in Dec-22

VN-INDEX performed worse than most of peers in December (data as at 30/12/2022)

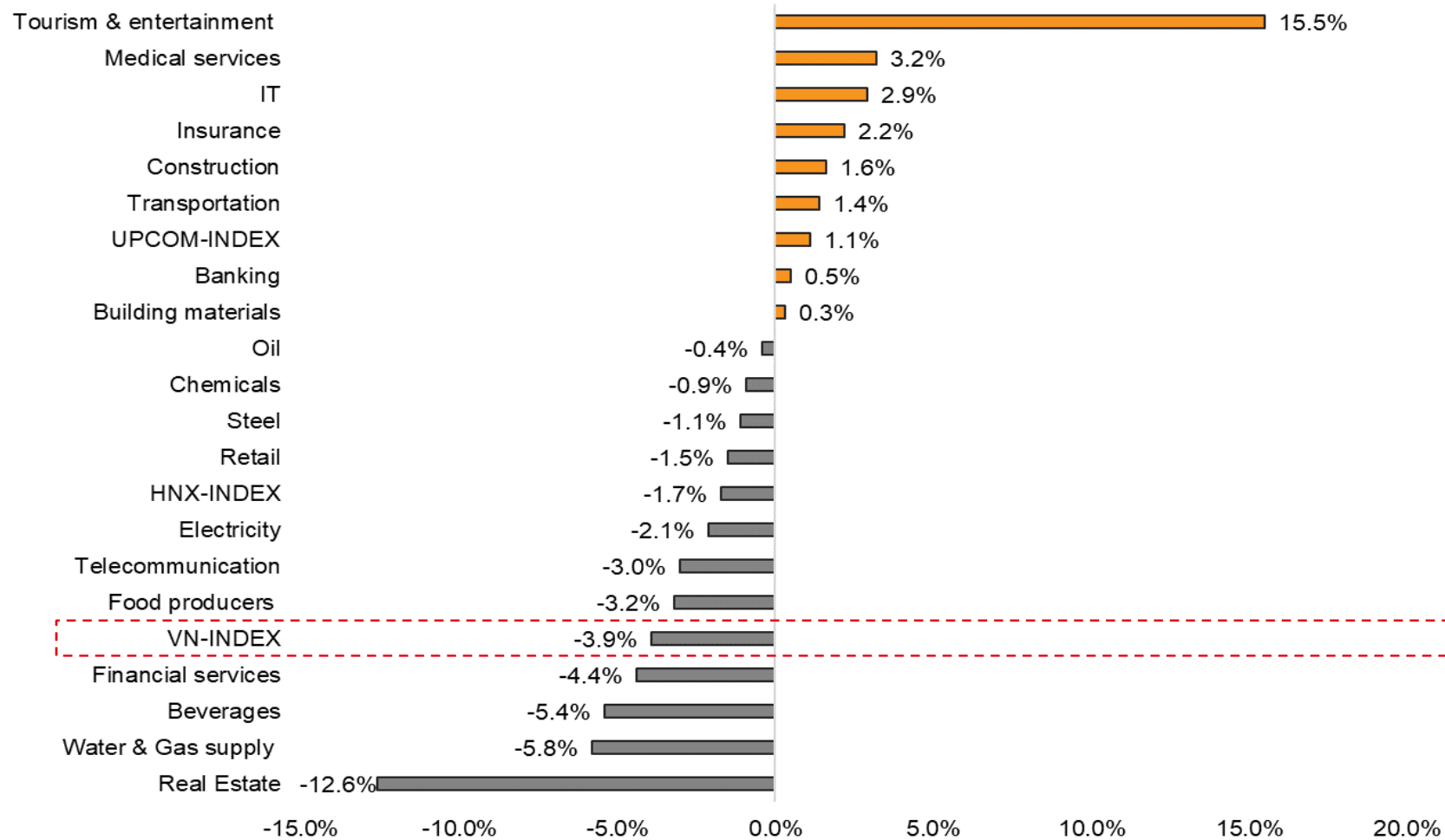


For YTD, Vietnam's ranking are lowest among peers (data as at 30/12/2022)



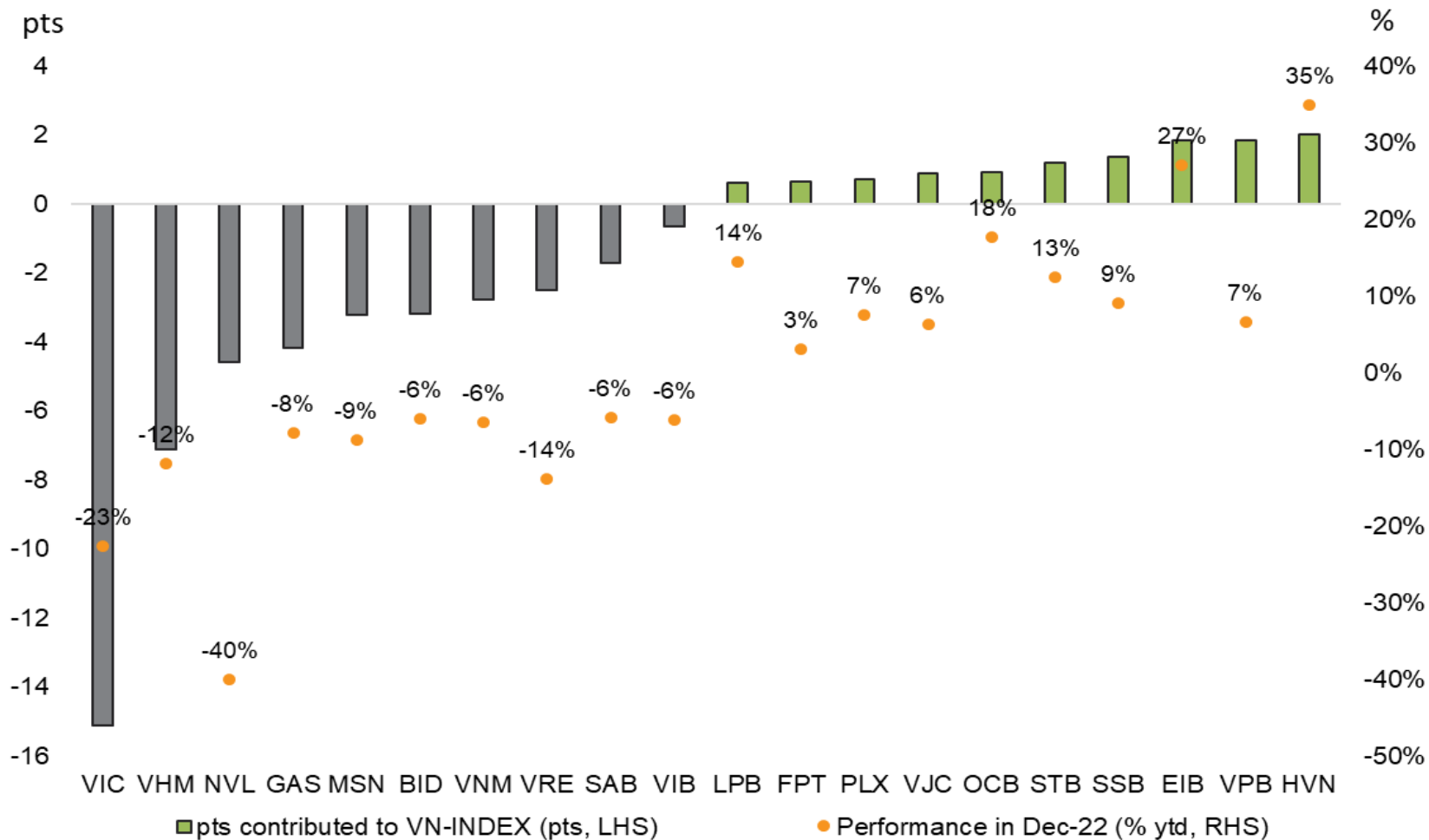
- On Dec-22, Vietnam (VN-INDEX, -3.9% mtd) performed worse than most of regional peers in South East Asia, including Thailand (SET Index, +2.0% mtd), Malaysia (FPMKLCI, +0.4% mtd), Singapore (STI Index, -1.2% mtd), Indonesia (JCI Index, -3.3% mtd).
- For year-to-date performance, VN-INDEX decreased 32.8% ytd, became the worst markets from the beginning of the year.

Tourism & entertainment outperformed in Dec-22



- Tourism & entertainment sector surged 15.5% mtd following the expectation that China's border reopenings next year will help spur the recovery of tourist traffic to pre-pandemic levels. Other sectors that had positive performance included Medical services (+3.2% mtd), IT (+2.9% mtd), Insurance (+2.2% mtd), Construction (+1.6% mtd), Transportation (+1.4% mtd), Banking (+0.5% mtd), Building materials (0.3% mtd).
- On the contrary, Real Estate (-12.6% mtd) sector posted the worst performance as a result of default risk increasing due to (1) the housing market is slowing down due to the high-interest rate environment, (2) the credit channel being tightened for Real Estate sector and (3) investors lose confidence in the corporate bond market. Other sectors that unperformed VN-INDEX included Water & Gas supply (-5.8% mtd), Beverages (-5.4% mtd) and Financial services (-4.4% mtd).

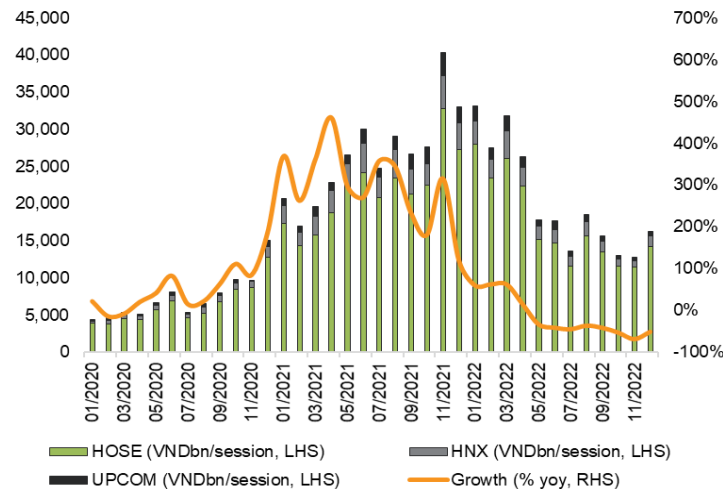
HVN was VN-INDEX's top mover in Dec-22



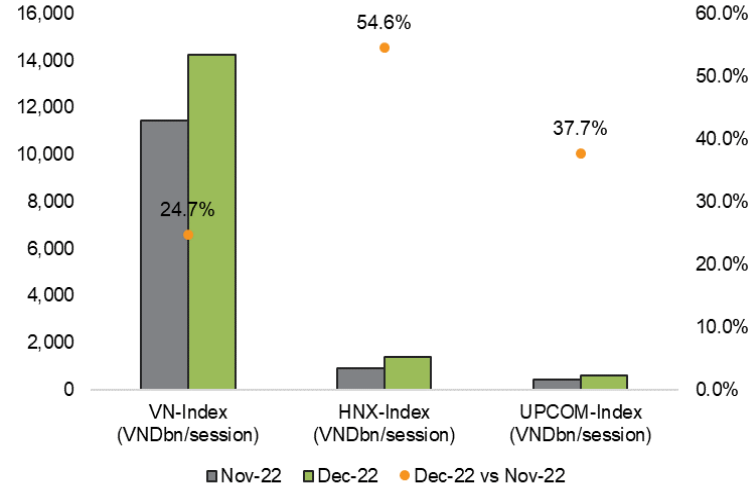
- HVN lent the most support to the VN-INDEX in December 2022 thanks to the positive outlook of the aviation sector following China will fully open the economy in 2023. Other top 5 movers included banks, which are VPB (+7% mtd), EIB (+27% mtd), SSB (+9% mtd) and STB (+13% mtd).
- Due to the unfavorable conditions of the real estate market, major developers such as VIC (-23% mtd), VHM (-12% mtd), and NVL (-40% mtd) all witnessed a sharp decline in stock prices. As the result, they became the top 3 laggards, taking the most point away from the VN-INDEX.

Key insight trading flow: Liquidity bounced back

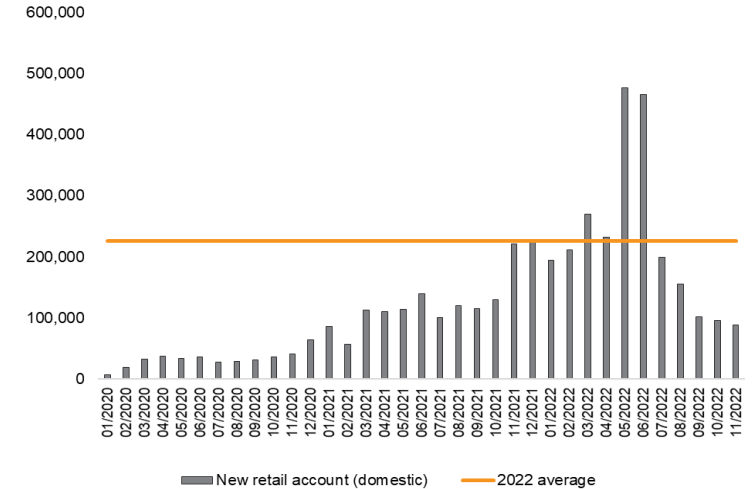
The daily average trading soar by 27.2% mom in Dec 2022 (data on 30/12/2022)



Liquidity surged on 3 main bourses (data on 30/12/2022)



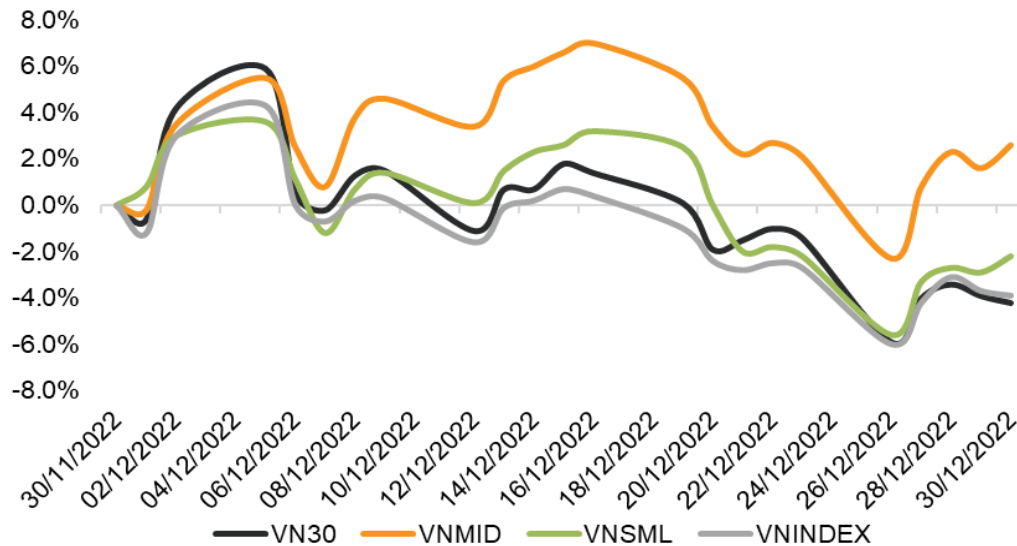
Number of new securities continued to drop in Nov



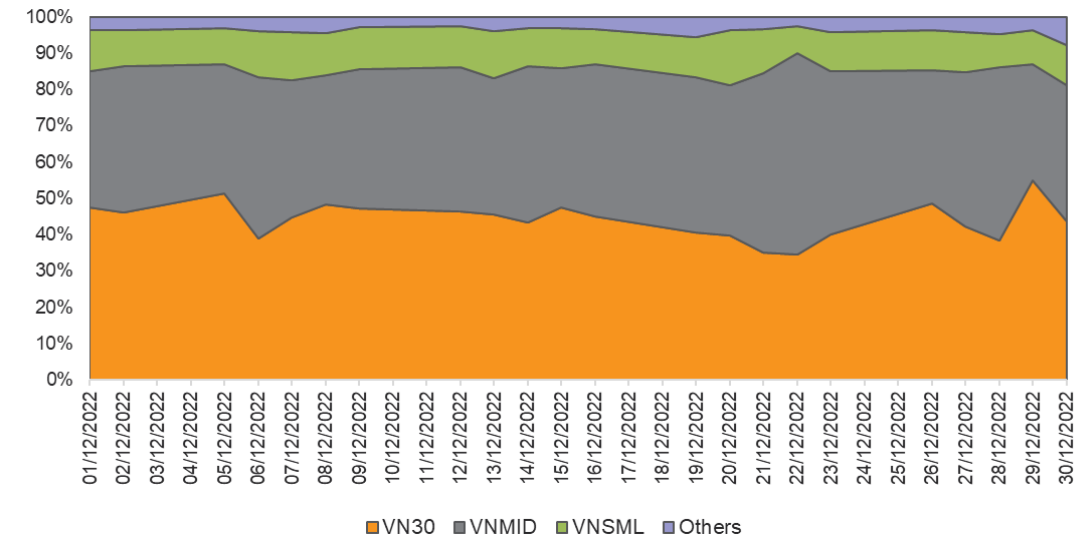
- Average trading value of three bourses increased 27.2% mom (-50.9% yoy) to VND16,252bn (HOSE: VND14,264bn/trading day, +24.7% mom; HNX: VND1,393bn/trading day, +54.6% mom; UPCOM: VND595bn/trading day, +37.7% mom). Liquidity rebounded in the first half of Dec when the VN-INDEX recovered and then dropped again in the week leading up to New Year's Eve.
- Number of new securities accounts decreased to 88,334 accounts in Nov-22 (-8.3% mom), the lowest level since Feb-21.

Key insight trading flow: VN-MID outperformed in Dec

VN-MID index outperformed VN-INDEX in November (% mtd) (data on 30/12/2022)



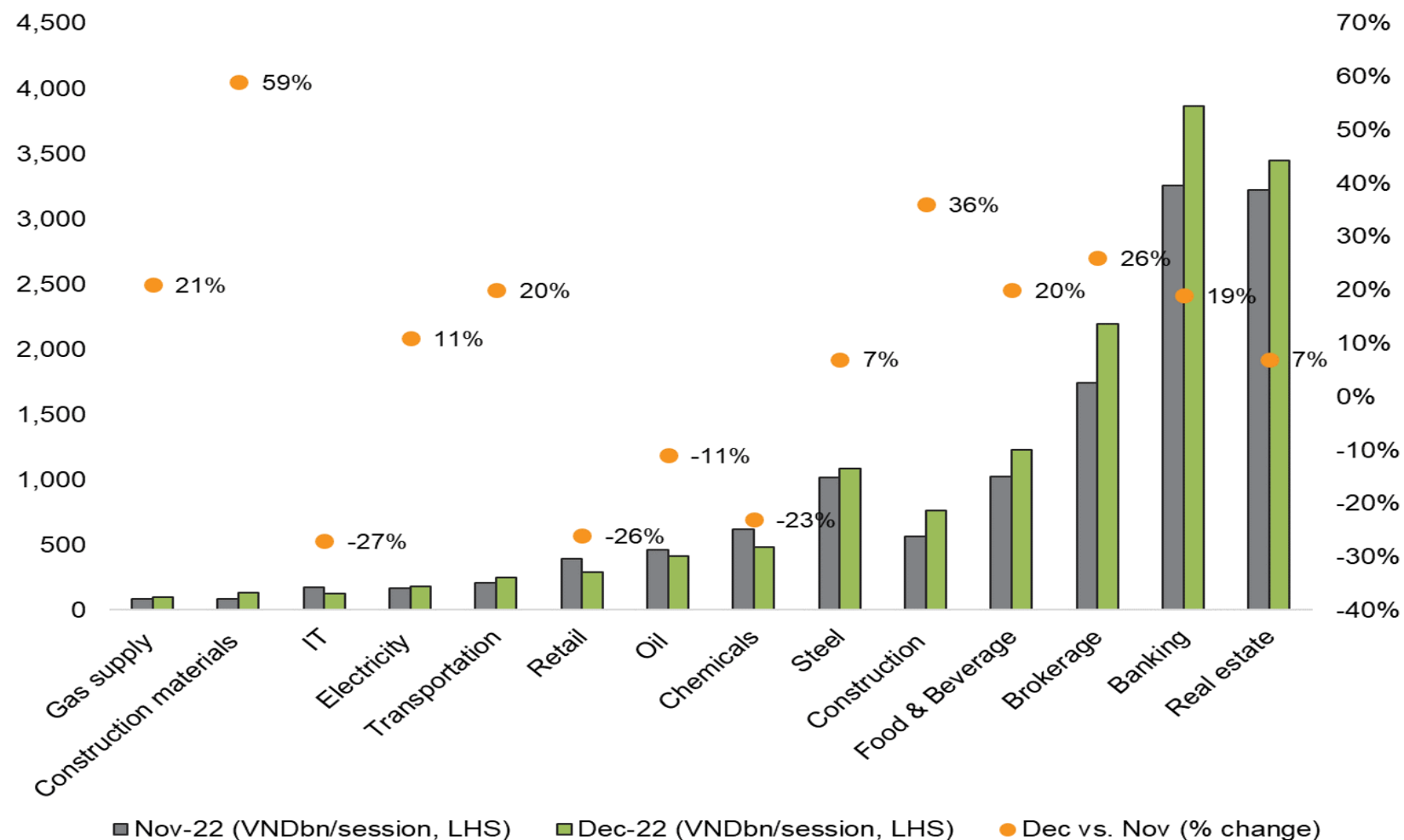
Proportion of indexes in term of daily trading value (data on 30/12/2022)



- In December, VNMID index (mid caps) increased 2.6% mtd, became the best performer among the capitalization groups in December. VN-INDEX (-3.9% mtd) outperformed VN30 Index (top 30 in term of market-cap) (-4.2% mtd) and underperformed VNSML Index (small caps) (-2.2%).
- The proportion of VN30 in term of trading value reduced to 44.0% in December from 46.0% in previous month. In the contrast, the proportion of VNMID and VNSML both rose 1.5%/0.7% pts to 40.9%/11.2%, respectively.

SOURCE: Fiiipro, VNDIRECT RESEARCH

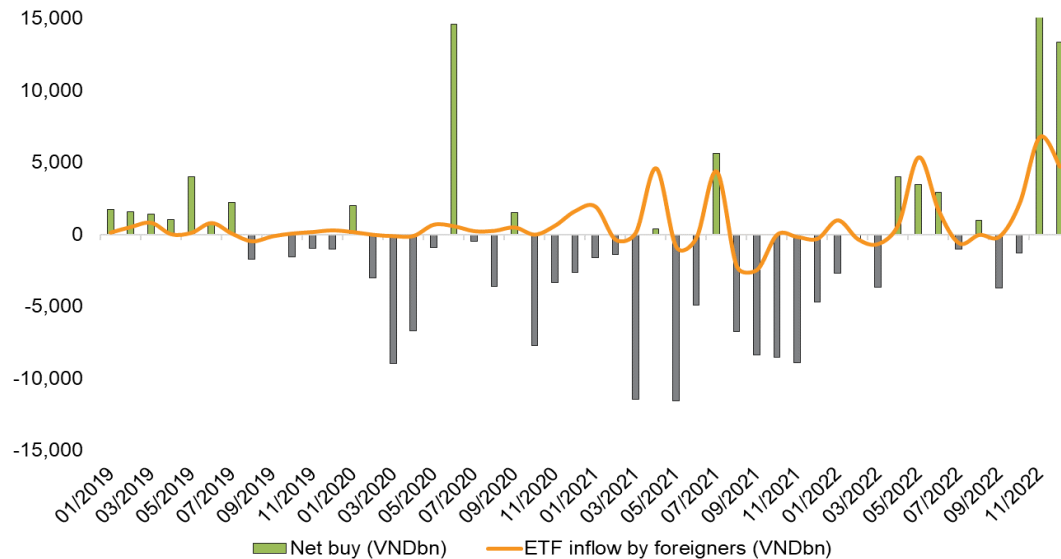
Key insight trading flow: Construction materials sector recorded the strongest liquidity growth



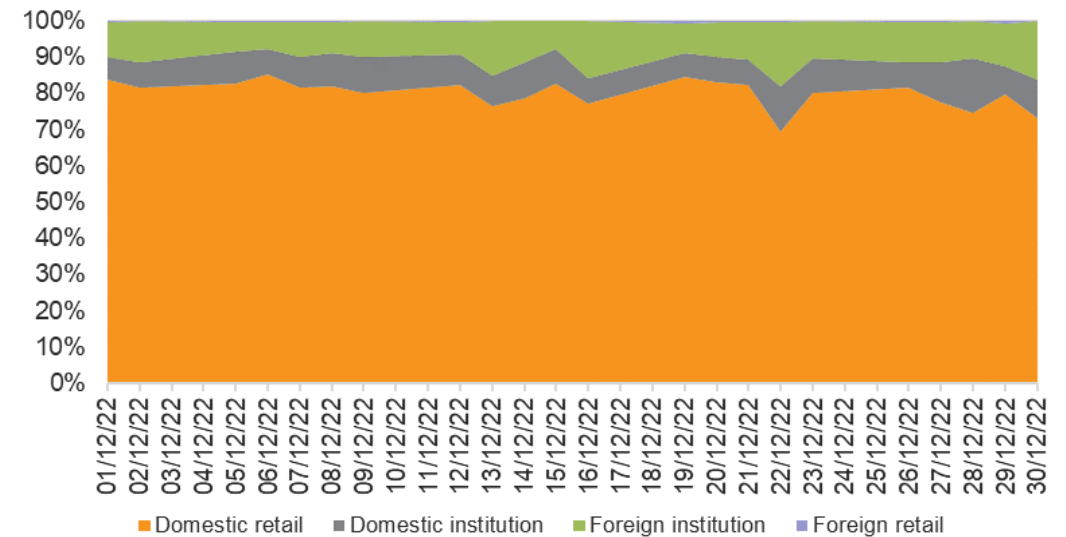
- Construction (+36% mom) and Construction materials sectors (+59% mom) witnessed the strongest growth in liquidity thanks to the government have promoted disbursement of public investment
- IT (-27% mom), Retail (-26% mom) and Chemicals (-23% mom) sectors recorded cash outflow the most in December, 2022. The Retail sector had negative liquidity growth for the third month in a row as concerns about weakening consumer demand amid slowing economic growth and high interest rate environment. In addition, due to the a decline in commodities prices since mid-2022, investors' expectations for the Chemical Industry decreased.

Key insight trading flow: Foreign investors continued to be strong net buyers

Foreign investors net bought VND13,346bn in December (unit: VNDbn) (data on 30/12/2022)



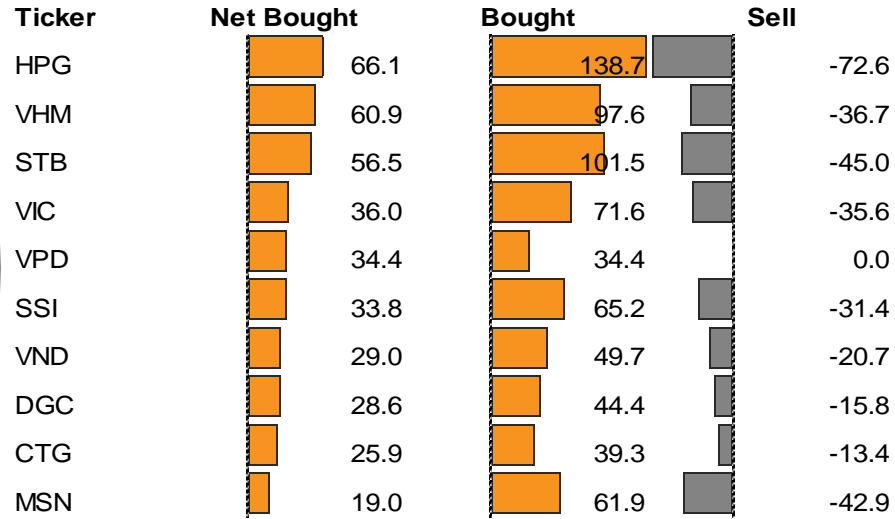
The proportion of foreign investors' liquidity increased to 16.2% of the total market liquidity



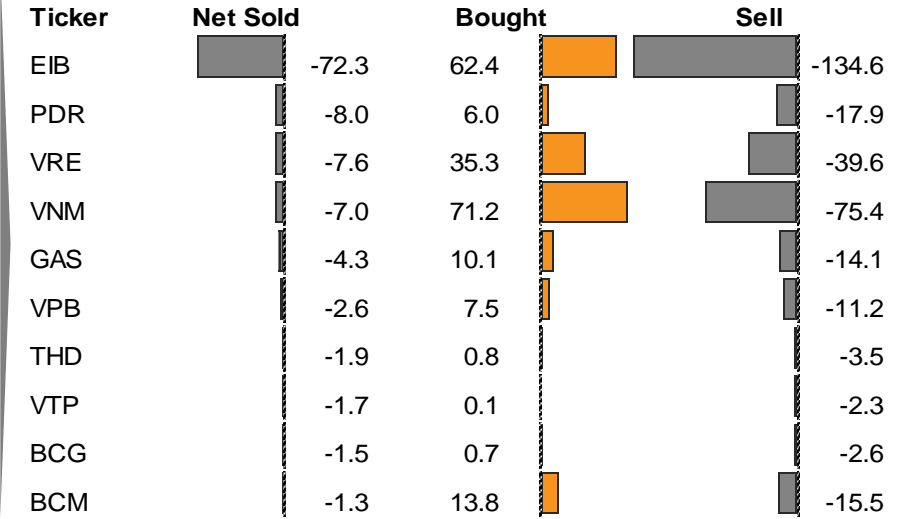
- Given that the Fed has begun to moderate the growth in interest rates and that Vietnam's market valuation is favorable, foreign capital has strongly returned to Vietnam's stock market in Dec-22. Cash flow returned strongly thanks to the large contribution of two large ETFs funds, included Fubon FTSE VN30 and VanEck Vietnam, contributed the total of VND2.7tr in Dec-22.
- For 2022, the total net bought by foreign investors has increased robustly and reach VND28,950bn (vs net sold of VND62,608bn in 2021).
- In Dec-22, the proportion of foreign investors to daily trading value has widened from 9.9% to 16.2% total trading value.

VHM, HPG and STB were among top net bought by foreigners in December

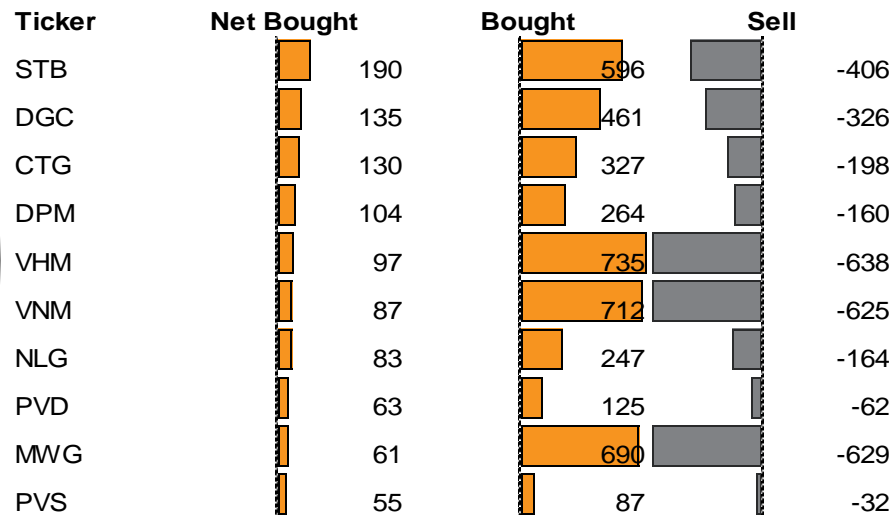
Foreign investors' strongest net buyers in December (US\$m, data on 30/12/2022)



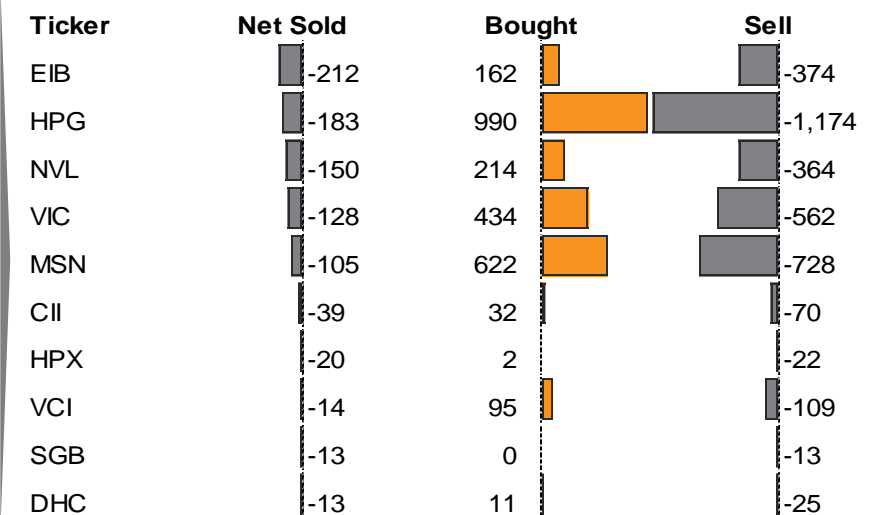
Foreign investors' strongest net sellers in December (US\$m, data on 30/12/2022)



Foreign investors' strongest net buyers in 2022 (US\$m, data on 30/12/2022)

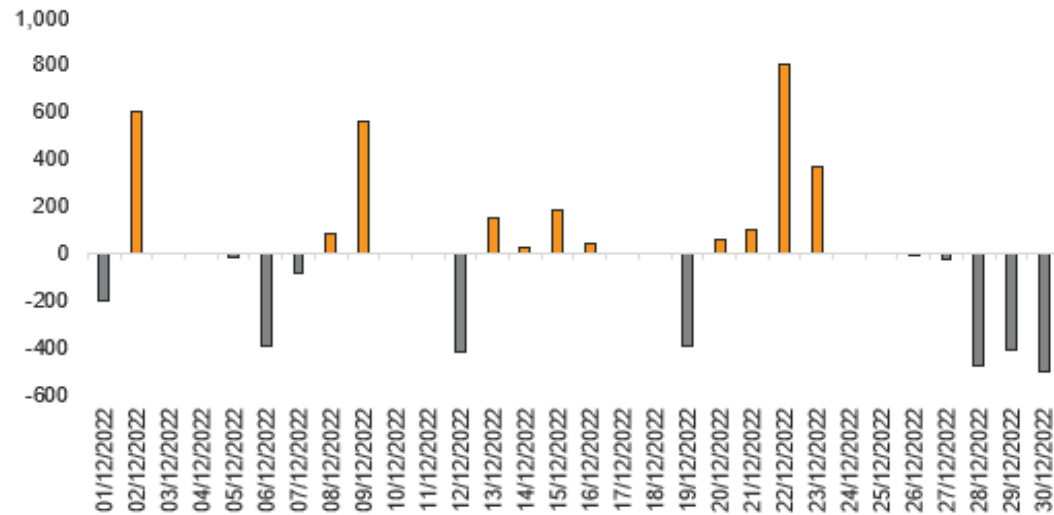


Foreign investors' strongest net sellers in 2022 (US\$m, data on 30/12/2022)

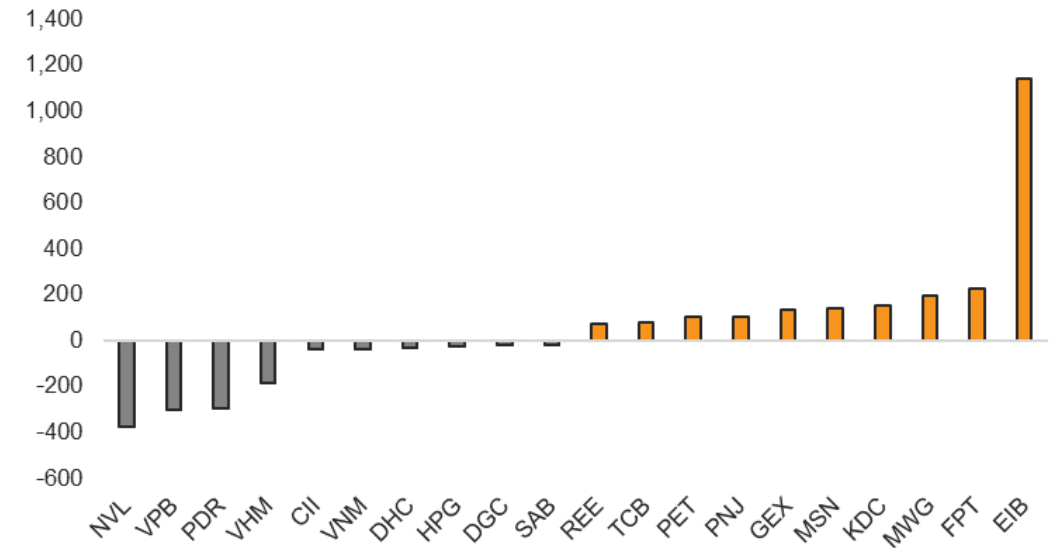


Key insight trading flow: Proprietary trading changed position to net bought in December

Net trading value per day of proprietary trading in September (unit: VNDbn) (data on 30/12/2022)



Top net buying/selling (stocks) of proprietary trading in September (unit: VNDbn) (data on 30/12/2022)



- In December, proprietary trading recorded net bought on HOSE with a value of VND16bn (vs net sold of VND57bn in November).
- Top net sold of proprietary trading included NVL (-VND379bn), VPB (-VND300bn), and PDR (-VND296bn). Meanwhile, proprietary trading bought the most in 3 stocks, which were EIB (VND1,138bn), FPT (VND223bn), and MWG (VND192bn).

To start with a clean slate

Market outlook

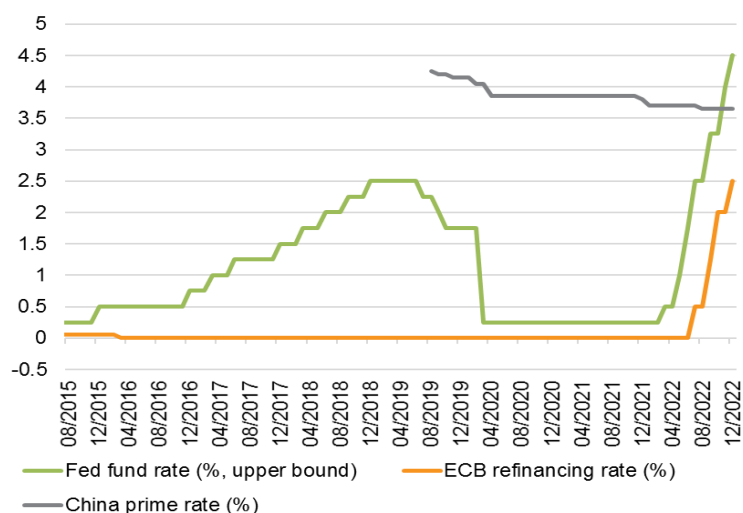
Jan 2023



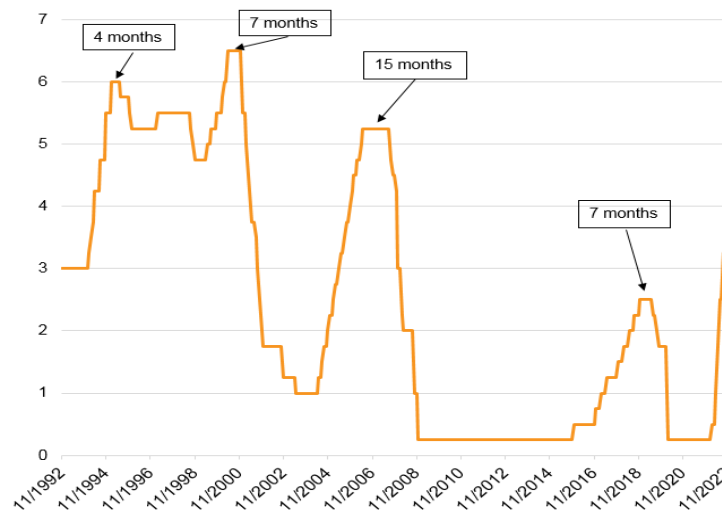
Fed slows rate hikes, but tightening cycle won't end anytime soon

FED announced to raise its policy rate by 50 basis points in Dec meeting, lower than the 75 basis point increase in the previous hike.

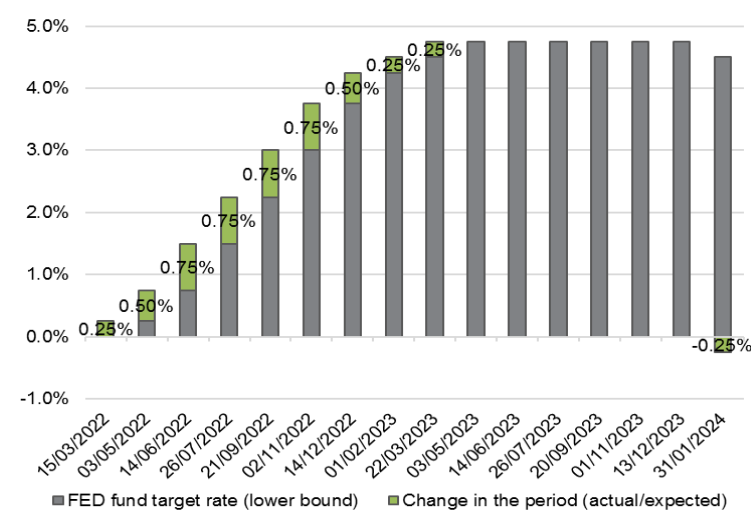
FED and ECB rose their policy rates sharply in 2022 while China cut its benchmark rate slightly



The first Fed cut in the median hiking cycle has often come roughly 7 months after the last hike.



We expect that there will be no rate cut till 1Q24F

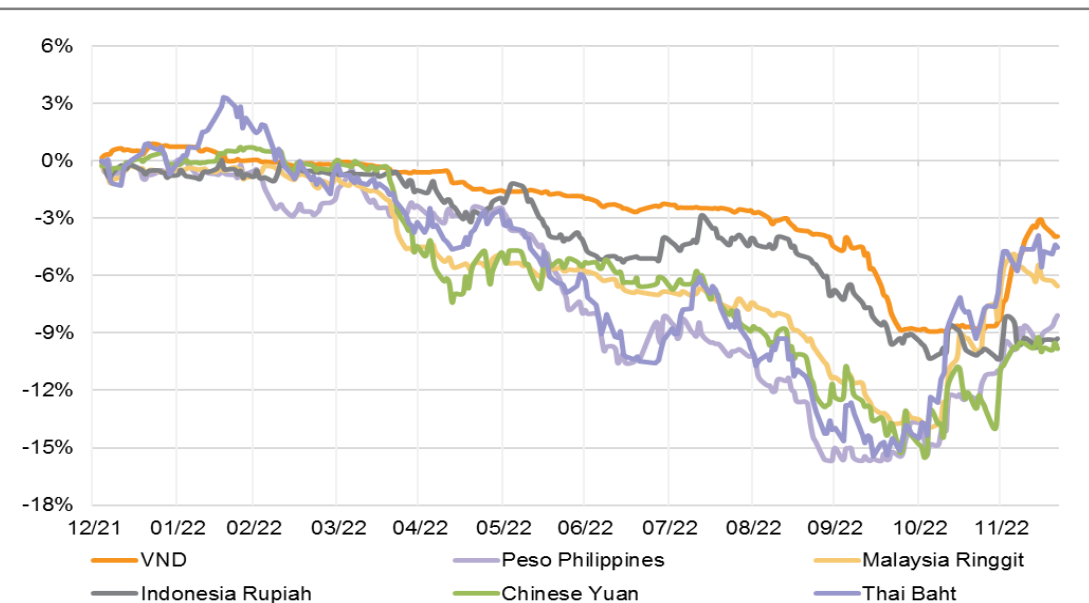


- We expect 2 more Fed rate hikes in the first quarter of 2023 with a total increase of 50 basis points.
- Based on history, the first Fed cut in the median hiking cycle has often come roughly 7 months after the last hike.
- However, we do not expect any rate cuts in 2023 unless the U.S. economy enters recession after all. With no-recession in forecast, we expect the Fed only implements a first gentle 25bps cut in 1Q24 (refer to right figure).

The pressure on VND exchange rate eased due to the weakening of the DXY

The US dollar lost its appeal against other major currencies, dragging the DXY index down 8% from 113 points in early November to 104 points in mid-December.

Regional currencies bounced back against the US\$ (% ytd)



The US\$/VND exchange rate movements (Jun 2017- Dec 2022)



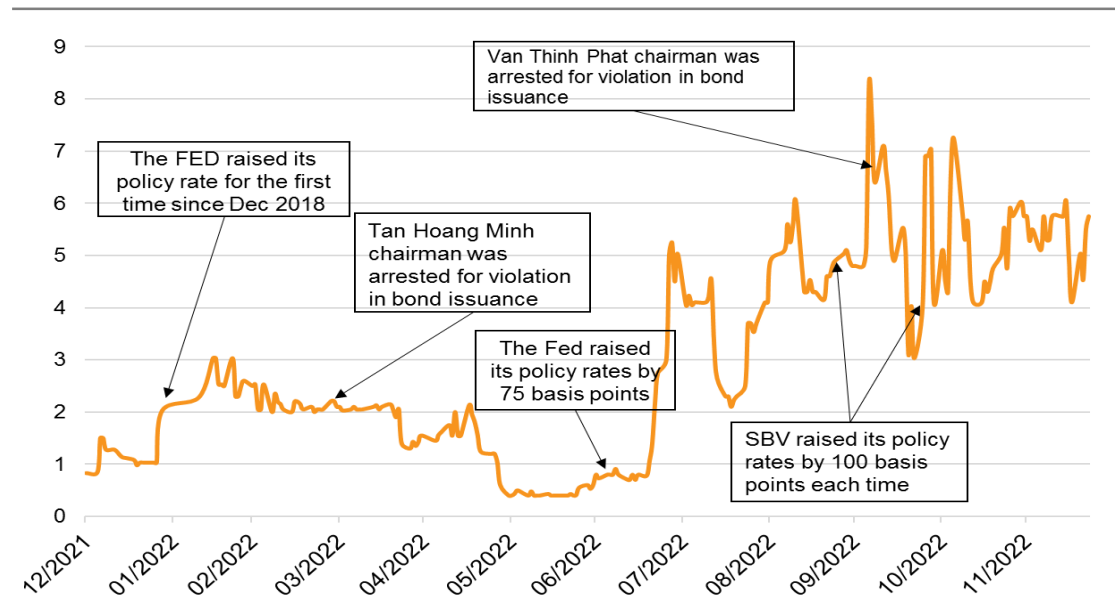
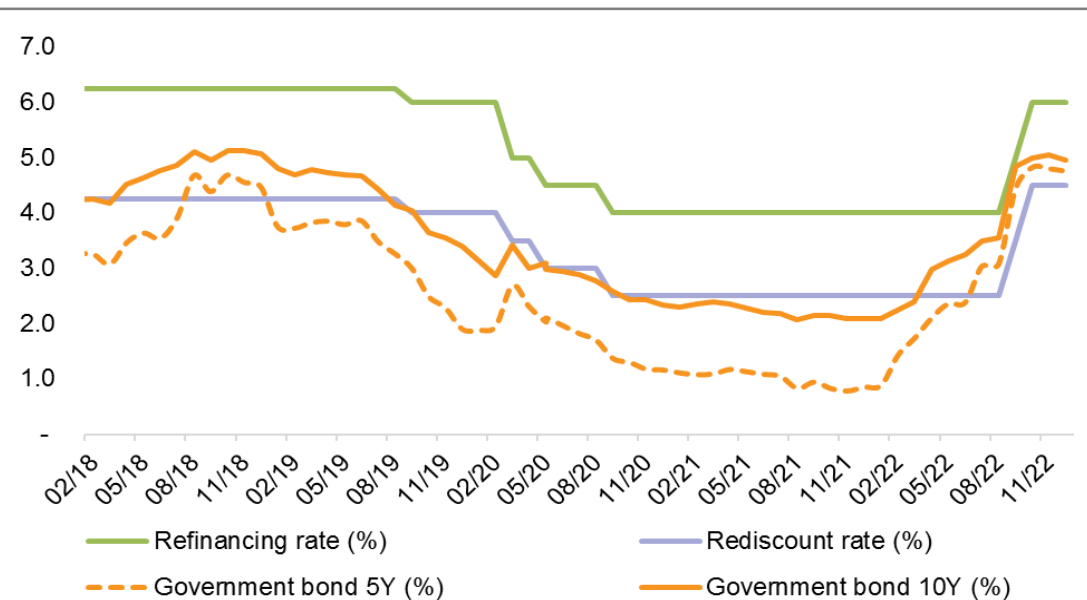
- In the context of lower pressure on VND exchange rate, the SBV has more tools to support the economy, for example, consider buying foreign exchange reserves to pump liquidity in VND to the market to cool down the domestic interest rate.
- However, we think that the DXY is unlikely to fall further to below 100 and even rebound in the context that the Fed may raise its policy rates by 50 basis points in the first quarter of 2023. Therefore, the SBV will probably maintain a certain cautious view on the exchange rate.

Some commercial banks reduced lending interest rates at the call of the SBV

At least 12 commercial banks, notably Vietcombank and Agribank, announced to reduce lending interest rates to support businesses, following the call of the SBV.

We expect that the SBV could keep its policy interest rate unchanged in 2023F

Interbank interest rates have cooled down from their peak in early October

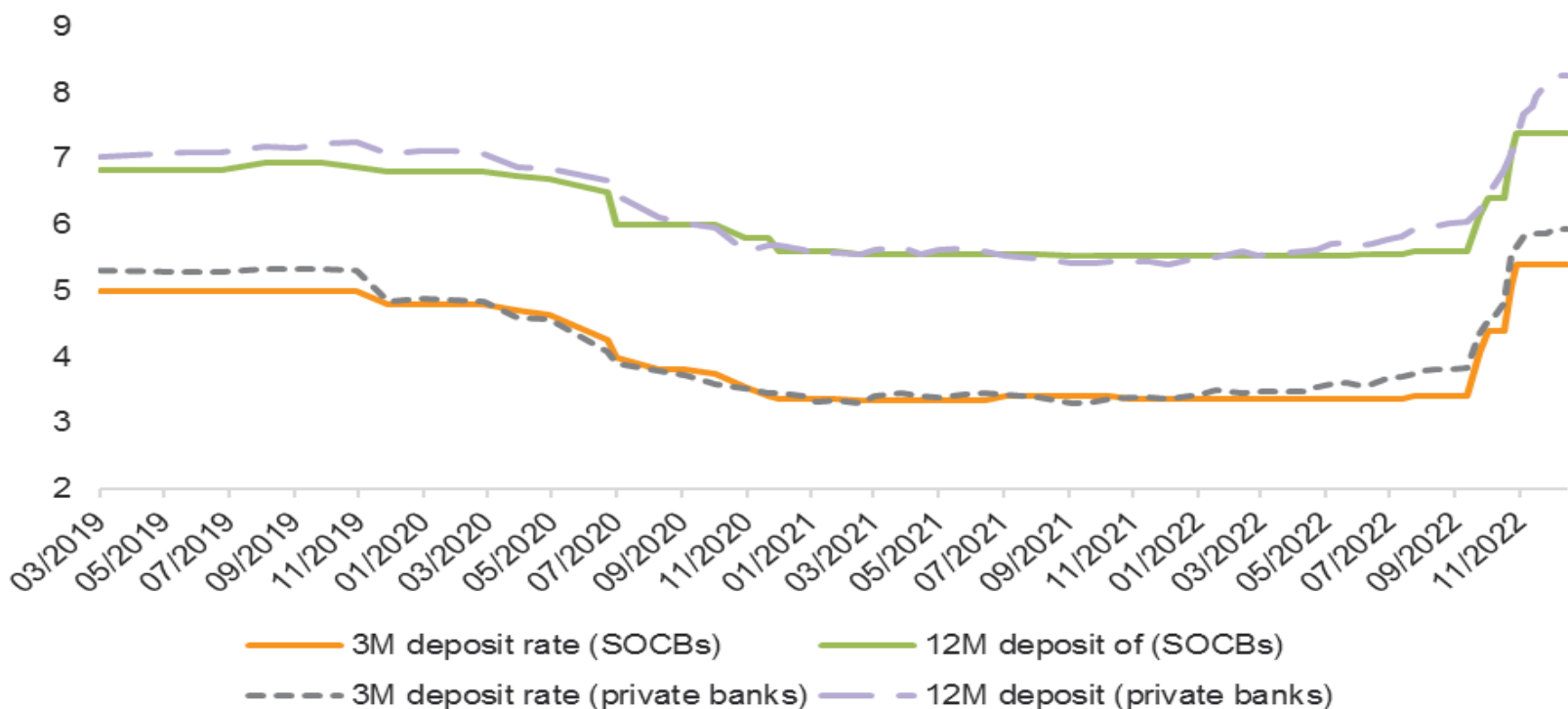


- The interest rate reduction is from 0.5%/year to 3.5%/year for loans in VND and for some existing corporate and individual customers. The SBV noted that banks with sufficient liquidity and relatively low lending interest rates will be granted higher credit quotas than others.
- The SBV said banks with lower lending interest rates will be granted higher credit quotas than others. Therefore, we believe that there are banks that will actively reduce a part of net interest margin (NIM) to have an advantage in receiving higher credit allocation limit in the future.

We expect the increase of deposit rates to slow down

Deposit interest rates continued to increase but at a slower pace.

Deposit rates of private banks edged up higher in November-December period (%)



- As of 31 Dec, 2022, the 3-month term deposit rates and the 12-month term deposit rates of private banks rose by 6bps (vs. the increase of 21bps in Nov) and 11bps (vs. the increase of 83bps in Nov), respectively, compared to the level at the end of last month. the 3-month term deposit rates and the 12-month term deposit rates of state-owned banks stayed flat in Nov-Dec 2022 period.
- The Banking Association has urged banks to reduce the 12-month deposit interest rate to a maximum of 9.5%/year. After the call, some banks have reduced their 12-month deposit interest rates from over 10%/year to below 9.5%.

Ministry of Finance submits draft amendment to Decree 65 on corporate bonds

On December 09, 2022, the draft amendment to Decree 65 on corporate bonds was published for comments with the aim of supporting businesses in difficult times.

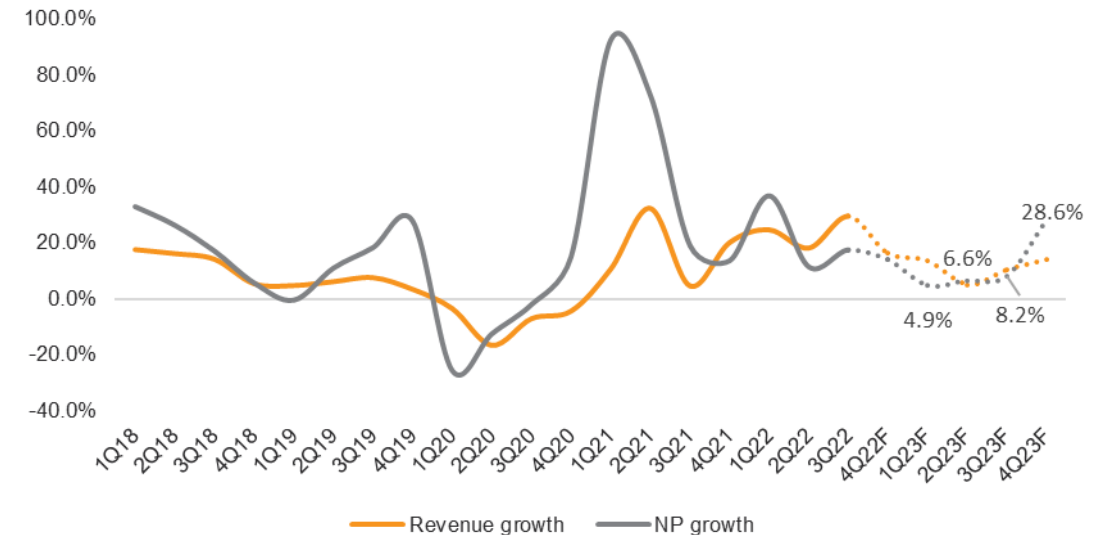
Key points change	Effective date	Scope of change	Comment
Extend the new requirement of professional investors for one more year	01/01/2023-01/01/2024	Decree 153: Professional investors only need to have a taxable income of over VND1bn or own securities assets of over VND2bn. Decree 65: Average securities assets in 180 consecutive days must be at least VND2bn.	The relaxation of this regulation will help more qualified investors to be professional investors => increasing potential demand from investors. However, despite the easing, the main problem is that investors have lost confidence. Therefore, the impact of this change is minimal.
Mandatory credit rating extension	01/01/2023-01/01/2024	The old Decree 153 does not require credit ratings for private corporate bonds (CB).	This relaxation will make it easier for corporate to issue private CB => increase the supply from the business side.
Extending bond distribution time from 90 to 30 days	01/01/2023-01/01/2024	The old Decree 153 allowed 90 days and the new Decree 65 allows only 30 days.	The nature of the primary private placement of corporate bonds is limited to 100 investors and large position. Therefore, usually, it will be difficult for individual investors to access but must go through credit institutions (banks and securities companies). This relaxation of regulations will help distributors (credit institutions) have more time to offer CB to investors => increase the absorption rate of private CB.
Allowing issued bonds (with outstanding loans) to be extended for a maximum period of 2 years.	01/01/2023	Decree 65 does not allow maturity date rescheduling, the new draft Decree 65 allows enterprises to extend maturity date for a maximum of 2 years (with consent from 65% of bondholders). In addition, the law also allows the conversion of bonds into loans or assets.	This is one of the key changes that will determine the survival of enterprises. In the context that the real estate market is facing difficulties in the high-interest rate environment, the bond rescheduling and conversion will help businesses have enough time to recover to make a profit and fulfill their debt obligations.

Market earnings growth moderate 14% yoy in FY23F

Forecasted FY22-23F earnings growth of sectors and Vietnam market

Sectors	FY22F Earnings growth	FY23F Earnings growth	FY24F Earnings growth
Insurance	-13.6%	66.4%	27.4%
Consumer	8.9%	28.0%	13.5%
Construction Materials	-67.2%	23.5%	19.7%
Technology	22.0%	20.5%	20.6%
Power	28.3%	15.4%	31.7%
Port	36.1%	14.7%	-3.5%
VN-INDEX	17.0%	14.0%	16.5%
Residential Property	-18.6%	12.0%	29.0%
Industrial Property	112.9%	11.4%	6.5%
Banks	32.7%	9.8%	16.1%
Construction	60.2%	7.6%	20.5%
Exports	14.9%	4.7%	18.5%
Agribusiness	3.0%	2.9%	5.8%
Oil & Gas	63.8%	-7.9%	6.2%
Chemicals	83.1%	-27.2%	-21.3%
Aviation	-103.3%	3495%	22.5%

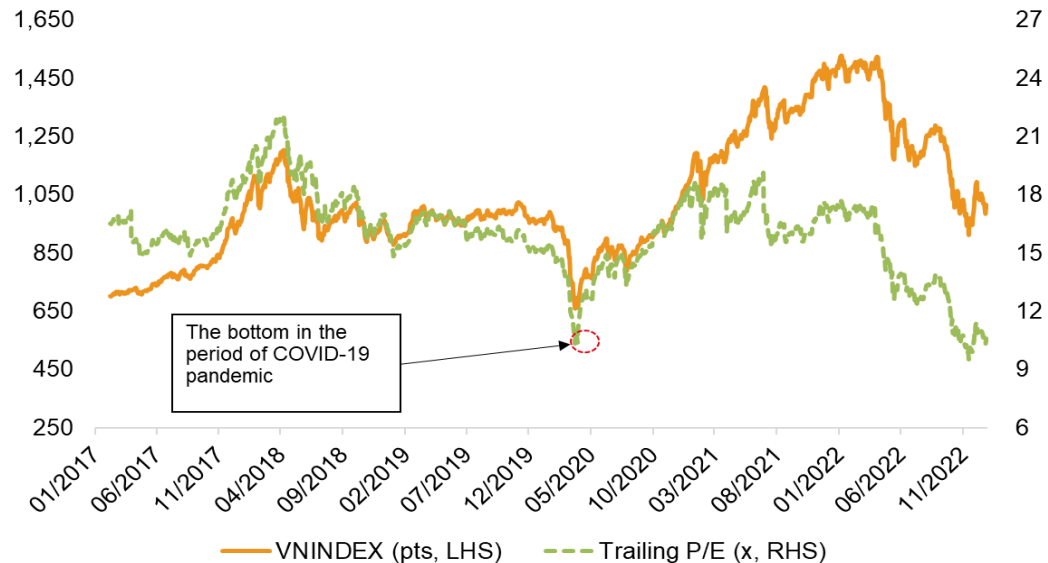
Quarterly revenue and net profit growth on yoy basis (1Q19-4Q23F)



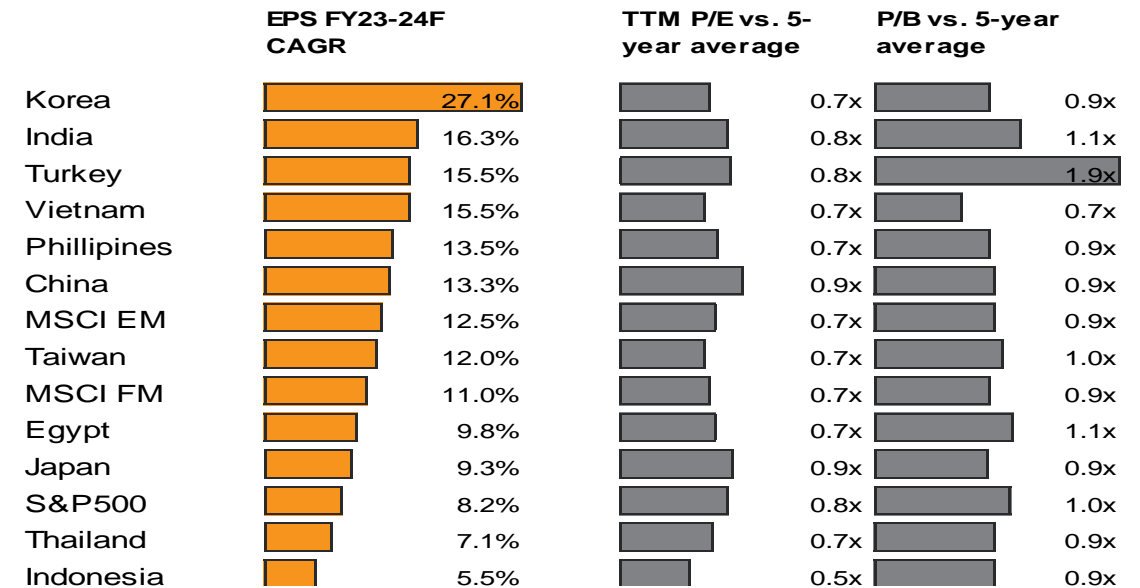
- We expect market earnings to expand 17% for FY22F. For FY23F, market earnings are expected to grow modestly 5% yoy in 1H23F then improve significantly in 2H23F, bringing the whole year growth to 14%.
- Aviation will stand out in term of earning growth on the back of nearly-full recovery of international flights. Construction materials will enjoy a meaningful earnings growth, underpinned by input material prices (coal, iron ore) downturn.

Valuation of Vietnam's stock market looks relatively attractive compared to historical level and regional peers

The VN-Index's P/E remained low (data as at 30 Dec 2022)



Vietnam stands out as one of the markets which are cheap compared to FY23-24F their earnings growth potential



- As at 30 December 2022, VN-Index was trading at 10.5x trailing 12-month P/E, which is 40% discount to the peak this year (17.7x) and 34% discount to the 5-year average P/E (16.0x).
- Cheap pricing helps Vietnam's stock market attract foreign investment. Since the beginning of November, foreign investors have been net buyers of over VND30,000bn (~US\$1.3bn) on the Vietnam's stock market.

We believe VN-INDEX now offer valuation buffers versus the deposit rates

The gap between market earnings yield vs deposit rates is still attractive



- Average deposit interest rate for 12-month term is currently at 7.8%/year. In particular, there are some small banks with a 12-month term deposit interest rate of 9.5%/year. Meanwhile, current Earnings to Price of VN-INDEX is about 9.5%. Together with dividend yield of 2.0%, the market earnings yield is estimated about 11.5% which is still attractive versus 12M deposit interest rates of commercial banks.
- We believe that the current P/E valuation has reflected concerns about the prospect of rising interest rates affecting the equity market.

Keep a cautious mentality before the Lunar New Year holiday

We expect the VN-INDEX to fluctuate in the range of 1,000-1,100 points in Jan

VN-INDEX's movement



- Market liquidity remains weak ahead of Lunar New Year. Therefore, investors should be cautious before the upcoming holiday. Investors should limit the use of leverage (margin) at the moment to minimize risks.
- Potential re-rating catalysts include: Government loosens issuance conditions on corporate bond market. Downside risks to the market include: (1) Inflation in the US fell more slowly than expected and (2) Slower-than-expected growth in the earnings of listed companies.

New year, new fortune

Investment ideas

Jan 2023



Advocate “value” and “dividend plays” for near-term defensive strategy

Our picks under this theme are VCB, GAS, FPT, BSR, BVH, PLX, DGC, PVS, NT2, and PHR (data as of 04 Jan 2023)

	Market cap (VNDbn)	TTM P/E (x)	Curr. P/B (x)	D/E (x) (end-3Q22)	Net cash/share (VND)	Dividend yield	Target price (VND)
VCB	391,852	NA	3.1	NA	NA	1.1%	84,600
GAS	200,965	14.9	3.5	0.2	14,116	3.1%	140,200
FPT	87,762	16.7	4.4	0.8	5,294	2.7%	116,800
BSR	44,418	2.8	0.9	0.1	7,312	0.9%	27,300
BVH	35,409	20.7	1.6	NA	23,129	2.0%	76,000
PLX	44,788	49.2	1.9	0.5	6,200	3.8%	45,600
DGC	22,863	3.9	2.2	0.1	17,303	1.7%	79,200
PVS	10,945	21.9	0.9	0.1	18,075	4.7%	31,700
NT2	8,766	10.4	2.1	0.1	603	6.6%	33,000
PHR	5,610	8.0	1.9	0.1	12,808	11.3%	78,100

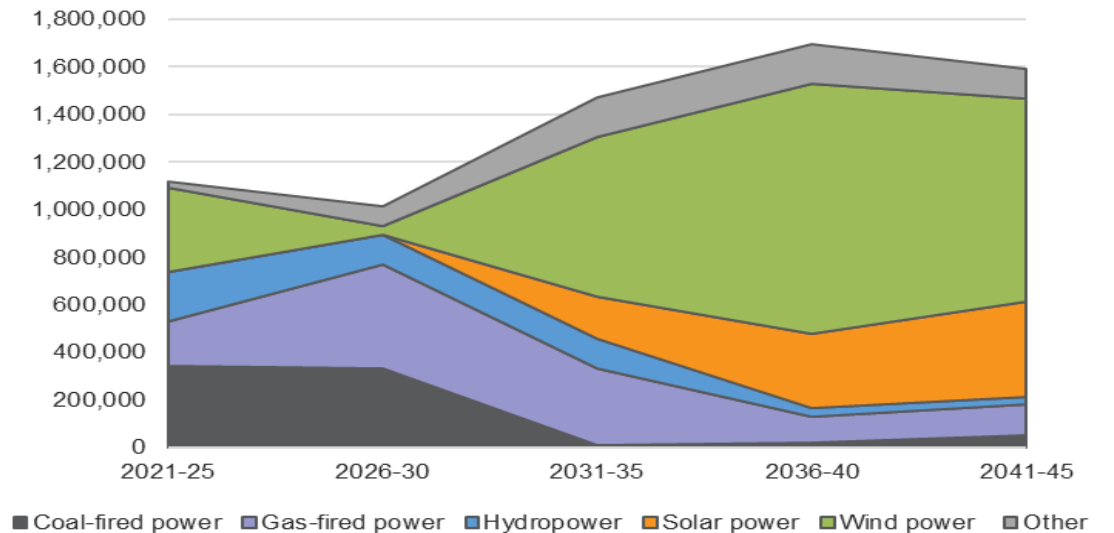
- We think market liquidity remains weak ahead of Lunar New Year. Therefore, the market's recovery might be fragile and volatile. Thus, we recommend investors to prioritize investing in undervalued stocks and dividend plays. We prefer companies that have leading industry position or operate in high entry barrier segment, carrying strong balance sheet with low leverage and less sensitivity to FX fluctuation.
- Our picks under this theme are VCB, GAS, FPT, BSR, BVH, PLX, DGC, PVS, NT2, and PHR.

Public investment will be a promising story throughout 2023

12 sub-projects of the North-South expressway phase 2 are set to begin the construction on January 1, 2023

Project	Package	Length (km)	Value (billion)	Consortium of contractors
Bai Vot - Ham Nghi	11-XL	35.3	6,045	VCG - G36 Xuan Truong Group - 471 JSC - Tu Lap Construction Company Limited
Ham Nghi - Vung Ang	11-XL	30.0	4,456	VCG - Trung Nam 18 E&C - Thuan An JSC - 68 Group JSC - Hai Dang JSC
Quy Nhon - Chi Thanh	12-XL	22.1	3,055	Truong Son Construction Corp - Truong Thinh Group - 368 JSC DEOCA Group - HHV - Dacinco Construction Investment Limited Company
Van Ninh - Cam Lo	XL-01	33.0	3,361	Truong Son Construction Corp - Truong Thinh Group - 368 JSC DEOCA Group - HHV - Dacinco Construction Investment Limited Company
Quang Ngai - Hoai Nhon	XL-01	30.0	3,862	Truong Son Construction Corp - Truong Thinh Group - 368 JSC DEOCA Group - HHV - Dacinco Construction Investment Limited Company
Chi Thanh - Van Phong	XL-02	24.1	4,440	Trung Nam 18 E&C - Construction Corporation No 1 JSC - Tu Lap Construction Company Limited - Hai Dang JSC
Vung Ang - Bung	XL-02	23.5	5,400	Phuong Thanh Transport construction and investment JSC - LCG
Bung - Van Ninh	XL-01	30.3	3,939	C4G - G36 - Truong Son Construction Corp - 471 JSC
Bung - Van Ninh	XL-02	19.0	3,501	Truong Son Construction Corp - Truong Son IC JSC
Hoai Nhon - Quy Nhon	11-XL	23.5		Son Hai Group - Tan Nam Construction JSC - Hai Dang JSC
Van Phong - Nha Trang	XL-02	30.9	3,549	Son Hai Group - Tan Nam Construction JSC - Hai Dang JSC
Can Tho - Hau Giang	XL-01	37.7	7,555	Truong Son Construction Corp - G36 - Construction Corporation No 1 JSC - VNEN E&C - Tan Nam Construction JSC
Hau Giang - Ca Mau	XL-02	22.4	3,717	VNEN E&C - IDIC 620 - Hai Dang JSC - Thi Son Company Limited

Vietnam needs US\$10.3bn per annum for energy transition into 2022-45F (Unit: VNDbn) (incl. grid system and RE power development)



- After a lacklustre year 2022, infrastructure development as a part of public investment will fuel large infra-construction corporates. The T3 terminal project at Tan Son Nhat airport was officially started on 24 Dec, 2022. In addition, 12 sub-projects of the North-South expressway phase 2 are set to begin the construction on 1 Jan, 2023. Besides, the trend of investment in building energy infrastructure will be promoted after the official approval of the Power Development Plan 8.
- Our top picks under this theme are: ACV, AST, C4G, PLC, PC1, and POW.

Which sector will benefit from China's reopening?

China eased restrictions on COVID-19 from early December 2022 and officially opened its borders to international tourists from January 8, 2023

Sector	Stocks	Impact	Our perspective
Aviation	ACV, HVN, VJC, AST		<p>From the beginning of Dec-22, China has allowed Vietnamese airlines to operate regular routes to/from China with the frequency of 15 flights per week instead of 2 flights per week. Therefore, many Vietnamese airlines like Vietnam Airlines, Bamboo, and Vietjet have rapidly operated routes to China.</p> <p>We expect the frequency of international flights between Vietnam and China will recover soon. Accordingly, it is estimated that the international pax going to/from China will recover to 20%/40%/ 60%/80% of the pre-pandemic level in 1Q/2Q/3Q/4Q of 2023. Thus, the time when China's international arrivals increase strongly will be in 2Q and 3Q23F.</p> <p>Chinese international arrivals account for 35% of Vietnamese total international arrivals in the pre-pandemic period; therefore, the opening of China will be a tailwind of Vietnamese international aviation's outlook.</p>
Fisheries	ANV, IDI, VHC		<p>China market is still an important pillar for Vietnamese pangasius industry. Accumulated 10M22, the export value of Vietnamese pangasius hit US\$2.1bn. In which, China & Hongkong market import value increased 58% yoy to US\$638m which accounting for c.30%.</p> <p>As a result, we believe that the reopening of China will be one of the biggest catalysts for the output growth of exporting aquaculture product companies in 2023F.</p> <p>However, the companies with a large proportion of revenue and market share in China will have more benefits, especially:</p> <ul style="list-style-type: none"> • ANV (Chinese market accounts for 14% of total revenue), • IDI (Chinese market accounts for 40%), • VHC (Chinese market accounts for 10%)

Which sector will benefit from China's reopening? (2)

Sectors that will benefit the most from Chinese economic opening include: Aviation, Fisheries, Cement and Rubber.

Sector	Stocks	Impact	Our perspective
Cement	BCC		<p>China is the biggest export market of the Vietnamese cement sector, accounting for 54% of total sales volume in 2021. The re-opening of China will resume construction activities and boost infrastructure investment, thereby leading to cement demand recovery in China. Moreover, the possibility of an increase in exporting sales volume will persuade Vietnamese cement companies to improve the factories' utilisation, therefore, improving the gross margin in the near time (thanks to depreciation per unit decreases).</p> <p>BCC will be the listed cement company to benefit as China is the company's long-standing export market, accounting for about 15-20% of the company's total annual consumption.</p>
Rubber	PHR, DPR		<p>China is the largest natural rubber consumer of Vietnam, accounting for 70-80% of Vietnam's total rubber exports value. Vietnam is also one of the largest rubber suppliers to China with a market share of 16.7% in 10M22, just behind Thailand with market share of 33.6%. The reopening of China's import activities not only tackle bottleneck in rubber output, but also creates price hike thanks to high demand of rubber for China's tire production...</p> <p>Leading companies with large rubber exports to China such as PHR and DPR will benefit the most.</p>

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