<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
<td>FS</td>
<td>Financial statement</td>
</tr>
<tr>
<td>SB</td>
<td>State budget</td>
</tr>
<tr>
<td>RE</td>
<td>Real Estate</td>
</tr>
<tr>
<td>M&amp;A</td>
<td>Mergers and Acquisitions</td>
</tr>
<tr>
<td>Brexit</td>
<td>Withdrawal of the United Kingdom (UK) from the European Union (EU)</td>
</tr>
<tr>
<td>OPEC</td>
<td>Organization of Petroleum Exporting Countries</td>
</tr>
<tr>
<td>CAR</td>
<td>Capital Adequacy Ratio</td>
</tr>
<tr>
<td>GDVC</td>
<td>General Department of Vietnam Customs</td>
</tr>
<tr>
<td>FC</td>
<td>Financial Company</td>
</tr>
<tr>
<td>CI</td>
<td>Credit Institutions</td>
</tr>
<tr>
<td>EIA</td>
<td>Energy Information Administration</td>
</tr>
<tr>
<td>GSO</td>
<td>General Statistics Office</td>
</tr>
<tr>
<td>FIA</td>
<td>Foreign Investment Agency</td>
</tr>
<tr>
<td>JSC</td>
<td>Joint Stock Commercial</td>
</tr>
<tr>
<td>FED</td>
<td>Federal Reserve System</td>
</tr>
<tr>
<td>Ltd.</td>
<td>Limited</td>
</tr>
<tr>
<td>HNX</td>
<td>Hanoi Stock Exchange</td>
</tr>
<tr>
<td>GB</td>
<td>Government Bonds</td>
</tr>
<tr>
<td>HSX</td>
<td>Ho Chi Minh City Stock Exchange</td>
</tr>
<tr>
<td>VAMC</td>
<td>Vietnam Asset Management Company</td>
</tr>
<tr>
<td>NFSC</td>
<td>National financial supervision commission</td>
</tr>
<tr>
<td>JSC</td>
<td>Joint Stock Commercial</td>
</tr>
<tr>
<td>SBV</td>
<td>State Bank of Vietnam</td>
</tr>
<tr>
<td>VBMA</td>
<td>Vietnam Bond Market Association</td>
</tr>
<tr>
<td>FIA</td>
<td>Foreign Investment Agency</td>
</tr>
<tr>
<td>VIRAC</td>
<td>Vietnam Industry Research and Consultancy</td>
</tr>
<tr>
<td>CB</td>
<td>Commercial Bank</td>
</tr>
<tr>
<td>Report Summary</td>
<td>4</td>
</tr>
<tr>
<td>----------------</td>
<td>---</td>
</tr>
<tr>
<td>1. World economy</td>
<td>5</td>
</tr>
<tr>
<td>1.1 Economic growth</td>
<td>6</td>
</tr>
<tr>
<td>1.2 Commodity market</td>
<td>12</td>
</tr>
<tr>
<td>2. Vietnam economy</td>
<td>16</td>
</tr>
<tr>
<td>2.1 Economic growth</td>
<td>16</td>
</tr>
<tr>
<td>2.1.1 GDP</td>
<td>18</td>
</tr>
<tr>
<td>2.1.2 Production</td>
<td>19</td>
</tr>
<tr>
<td>2.1.3 Consumption</td>
<td>22</td>
</tr>
<tr>
<td>2.1.4 Investment</td>
<td>23</td>
</tr>
<tr>
<td>2.1.5 Import and export</td>
<td>26</td>
</tr>
<tr>
<td>2.1.6 CPI</td>
<td>29</td>
</tr>
<tr>
<td>2.1.7 Monetary policy</td>
<td>30</td>
</tr>
<tr>
<td>2.1.8 Fiscal policy</td>
<td>33</td>
</tr>
<tr>
<td>2.1.9 Banking system</td>
<td>36</td>
</tr>
<tr>
<td>2.2 Trade agreements and legal documents</td>
<td>44</td>
</tr>
<tr>
<td>2.2.1 Agreed trade agreements and impacts</td>
<td>44</td>
</tr>
<tr>
<td>2.2.2 New issued legal documents and decrees</td>
<td>52</td>
</tr>
<tr>
<td>2.3 Operation of investment channels</td>
<td>57</td>
</tr>
<tr>
<td>2.3.1 Bonds</td>
<td>58</td>
</tr>
<tr>
<td>2.3.2 Shares</td>
<td>62</td>
</tr>
<tr>
<td>2.3.3 Commodity market</td>
<td>66</td>
</tr>
<tr>
<td>2.4 Mergers and Acquisitions</td>
<td>68</td>
</tr>
<tr>
<td>2.5 Risks and Forecasts</td>
<td>73</td>
</tr>
<tr>
<td>2.5.1 Risks</td>
<td>74</td>
</tr>
<tr>
<td>2.5.2 Forecasts</td>
<td>76</td>
</tr>
</tbody>
</table>
Report Summary

According to the January 2018 report, the International Monetary Fund (IMF) has revised its forecast for world economic growth for 2018 and 2019.

Most of the major currencies have been increasing against the dollar.

FDI in 3M/2018 has had a strong growth

Vietnam's participation in free trade agreements in recent years such as AEC, CPTPP, EVFTA, etc. will be an opportunity to boost export activities.
1. World economy

1.1 Economic growth

1.2 Commodity market
The world economy recovered in 2017.

Developed economies are forecast to grow at 2.3% in 2018.

Global economy growth, 2011-1/2018

Sources: VIRAC, World Bank
### Forecasts for world economy growth (%), 1/2018

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>The difference compared to the forecast of October 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Output</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Euro Area</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sources:** VIRAC, IMF

- China's economy is forecast to reach the highest level since 2015.
- China's economy is forecast to reach a growth target for 2017 due to strong domestic consumption, exports and industrial production reaching
• ASEAN has introduced the ASEAN Economic Community (AEC) by the end of 2015, bringing the potential to promote intra-ASEAN trade and establish a more unified market that is more competitive.

• World Economic Forum (WEF) predicts that by 2020, Southeast Asia will become the world’s fifth largest economy.

Sources: VIRAC, ADB
Most of the major currencies have been increasing against the dollar.

USD/EUR and USD/JPY exchange rates, 2016 – 3/2018

USD/CNY exchange rate, 2016 – 3/2018

USD/JPY exchange rate on 30/03/2018 was

Sources: VIRAC, Bloomberg
Global trade in the third quarter of 2017 has shown signs of recovery after a sharp fall in 2016.

Europe is the largest importer with 36.2% of total global imports.
• China continues to be the largest exporter of commodity in the world.

• Following China was the United States with a total export value of $1.139 billion, accounting for 9.2% of the total export value in the world.

• Notably in Q3/2017, there was a strong rise of Korea in both exports and imports.
<table>
<thead>
<tr>
<th>Section</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>World economy</td>
</tr>
<tr>
<td></td>
<td>1.1 Economic growth</td>
</tr>
<tr>
<td></td>
<td>1.2 Commodity market</td>
</tr>
</tbody>
</table>
In the first quarter of 2018, commodity prices mildly fluctuated.

<table>
<thead>
<tr>
<th>Monthly growth in world commodity prices, Q1/2018 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
</tr>
<tr>
<td>--------------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Source: VIRAC, World Bank

In the first quarter of 2018, commodity prices mildly fluctuated.
1. World economy

1.2. Commodity market

• The gold price continued to reach the peak in Q1/2018.

• One of the factors that made gold prices rise in 3M/2018:

Sources: VIRAC, goldprice.org
• World oil prices rose in 2017

• Oil prices depend on the interaction between supply and demand on the international market.

• OPEC forecasts world oil demand will increase by 1.3 million barrels a day in 2018,

Sources: VIRAC, World Bank
2. Vietnam economy

2.1 Economic growth

2.2 Trade agreements and legal documents

2.3 Operation of investment channels

2.4 Mergers and Acquisitions

2.5 Risks and Forecasts
2. Vietnam economy
2.1 Economic growth - 2.1.1 GDP

- Gross domestic product in Q1/2018 is estimated to increase by compared to 2017.

- GDP per capita has risen strongly in the past few years.
The service sector has made an ever-increasing contribution by focusing on investment and development of service branches with potential advantages.

- Second place was the industry sector with the proportion of 33.34%.

Sources: VIRAC, GSO

Contribution to the growth of the economic sectors in the first quarter, 2016-2018

Percentage point
For the first quarter of 2018, the Index-Industry Products (IIP) increased by compared to the same period of 2017

According to the latest Nikkei and IHS Markit reports, Vietnam’s Purchasing Managers’ Index (PMI) in the first three months of 2018 continued to grow from the end of 2017 due to business conditions. continues to improve in Vietnam:

THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE

Sources: VIRAC, GSO, Nikkei, Markit

Growth of industries in the first quarter, 2015-2018

Sources: VIRAC, GSO
2. Vietnam economy
2.1 Economic growth - 2.1.2 Production

Agriculture, forestry, and fishery production value (compared prices in 2010), 2015-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Trillion VND</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: VIRAC, GSO

- In Q1/2018, the production of agriculture, forestry and fishery are forecasted to reach.

- The growth of the agricultural sector in Q1/2018 shows that the trend of change in product structure within the industry in the direction of investing in products with high economic value has brought the efficiency.
2. Vietnam economy
2.1 Economic growth - 2.1.2 Production

Trading activities of services in 3/2018 (months after Lunar New Year) tended to decrease compared to last month.

Revenue from accommodation and catering services increased due to the increase in international visitors and domestic tourism this year.

Sources: VIRAC, GSO

Growth in total retail sales of commodity and consuming services, 2011-Q1/2018

Retail sales of commodity, 2011 – Q1/2018

Sources: VIRAC, GSO
Consumer confidence index in Vietnam decreased marginally in the fourth quarter of 2017.

According to the report of the General Statistics Office, the production index of processing and manufacturing industry in Q1/2018 increased over the same period in 2016,
Total social investment capital implemented in Q1/2018 at current prices is estimated at VND 166.4 trillion.

Rate of development of social investment capital implemented increase by current prices, 2013-2017

Until Q1/2018, there are 126 countries and territories with investment projects in Vietnam.

Sources: VIRAC, GSO

Structure of social investment capital, Q1/2018

Sources: VIRAC, GSO
2. Vietnam economy
2.1 Economic growth - 2.1.4 Investment

State investment

Allocation of implementing capital in the central area, Q1/2018

Billion VND

Non-state investment (Private)

Sources: VIRAC, GSO

Enterprise situation in the first three months, 2015 - 2018

Sources: VIRAC, GSO
2. Vietnam economy
2.1 Economic growth - 2.1.4 Investment

**Foreign direct investment**

FDI in Q1/2018 has had a strong growth

A number of major projects are licensed in Q1/2018.

**FDI capital, 2015-Q1/2018**

Billion USD

**FDI attraction by sectors, Q1/2018**

Sources: VIRAC, FIA
2. Vietnam economy
2.1 Economic growth - 2.1.5 Import and export

<table>
<thead>
<tr>
<th>Commodity export-import, 2015 – Q1/2018</th>
<th>Billion USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total value of exports and imports of Vietnam reached USD in the first quarter of 2018.</td>
<td>billion</td>
</tr>
</tbody>
</table>

Contribution of FDI to import and export, Q1/2018e

- Vietnam’s import and export in Q1/2018 still heavily depends on FDI inflows.

Sources: VIRAC, FIA
2. Vietnam economy
2.1 Economic growth - 2.1.5 Import and export

- In Q1/2018, phones and components are the most exported items
- Vietnam’s main export market in 2017 continues to be the United States.
2. Vietnam economy
2.1 Economic growth - 2.1.5 Import and export

- Computer products, electronic products and components have a total import value in 2017 reached

- China continues to be Vietnam’s largest import market
Consumer price index (CPI) in Q1/2018 has a lot of changes.

The main reason for the increase of CPI in Q1/2018:

Some factors restrain CPI in Q1/2018:

Sources: VIRAC, GSO

Monthly CPI fluctuation, 2014 – 3/2018
2. Vietnam economy
2.1 Economic growth - 2.1.7 Monetary policy

Trillion VND

Total payment methods, 2013-1/2018

- Total payment methods up to November 1/2018 was VND trillion,

- The proportion of cash / total payment methods of the economy tends to decrease,

- Bank cards continue to develop, cards issued in terms of the number and value transactions have continued to grow steadily.

Sources: VIRAC, SBV
2. Vietnam economy
2.1 Economic growth - 2.1.7 Monetary policy

VND/USD exchange rate, 2013-3/2018

The VND / USD exchange rate was stable and supported by abundant foreign currency.

Sources: VIRAC, SBV
2. Vietnam economy
2.1 Economic growth - 2.1.7 Monetary policy

- In 2017, the State Bank of Vietnam (SBV) determined to continue to actively and flexibly control the monetary policy and closely coordinate with the fiscal and other macroeconomic policies in order to stabilize the macro balance and control inflation, support economic growth at a reasonable level

<table>
<thead>
<tr>
<th>Types of CI</th>
<th>VND deposits</th>
<th>Foreign currency deposits</th>
</tr>
</thead>
</table>

Regulations on the current compulsory reserve ratio

Sources: VIRAC, MOF
State budget revenues and expenditures

State budget revenues, Q1/2018

State budget expenditures, Q1/2018

Sources: VIRAC, GSO
State budget overspending (excluding principal payments) compared to GDP in 2017 stood at 3.5%, the lowest level in the nearest four years.

Pressure on interest payments in the country also decreased due to:

Sources: VIRAC, MOF
2. Vietnam economy
2.1 Economic growth - 2.1.9 Banking system

- By the end of 2017, the total assets of financial institutions in Vietnam is estimated at 200% of GDP,

<table>
<thead>
<tr>
<th>Capital adequacy level of the financial system (%)</th>
<th>Profitability of the financial system (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: VIRAC, NFSC</td>
<td>Source: VIRAC, NFSC</td>
</tr>
</tbody>
</table>

- The financial system ensures good ability to provide capital for the economy.

Proportion of capital supply for the economy from the capital market and the system of credit institutions, 2012-2017

Sources: VIRAC, NFSC
Results of business activities of credit institutions are positive, profit grows sharply in 2017

Profitability of credit institutions system, 2012-2017

Sources: VIRAC, NFSC

Evaluation of ROA, ROE of the credit institutions system in Vietnam compared to some countries, 2017

Net interest margin, 2012-2017

Sources: VIRAC, NFSC
### 2. Vietnam economy

#### 2.1 Economic growth - 2.1.9 Banking system

average was quite stable

<table>
<thead>
<tr>
<th>Mobilization interest rate on average</th>
<th>Lending interest rates and mobilizing interest rates, 2012-Q1/2018 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td></td>
</tr>
</tbody>
</table>

**Sources:** VIRAC, SBV

<table>
<thead>
<tr>
<th>Interbank interest rates, 1/2016-3/2018 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
</tr>
</tbody>
</table>

**Sources:** VIRAC, SBV
2. Vietnam economy
2.1 Economic growth - 2.1.9 Banking system

- Mobilized capital includes customer deposits and valuable papers (GTCG) which are growing more slowly than in 2016.

Capital mobilization by currency, 2015-3/2018

- The rate of short-term capital used for medium, long term loans of the credit institutions system decreased slightly,

The rate of credit extension compared to mobilized capital, Aug/2016-Mar/2018

Sources: VIRAC, SBV
By Q1/2017, credit growth is estimated at 19.3%, which has positively supported economic growth.

The credit structure by the industries changed positively.

Credit growth in the first quarter, 2013-2018

Market share of credit, 2017

Sources: VIRAC, GSO

Sources: VIRAC, NFSC
### Non-performing loan ratio in credit, 2010 – 2017e

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
</tbody>
</table>

- According to the Committee, the NPL ratio of the credit institutions was about **9.5%**, decreasing sharply from **11.9%** at the end of 2016.

---

**Sources:** VIRAC, SBV

---

### Ratio of credit loss provision/bad debt, 2012-2017e

- The balance in credit loss provision of credit institutions has increased sharply.
In early 2017, the SBV issued a directive aimed at restructure financial institutions and addressing bad debts, bringing the banking sector into the Basel II framework and coming closer to international standards.

Banks are under pressure to raise capital to meet the capital adequacy requirements of Basel II standards.

Sources: VIRAC, NFSC
### Situation of banking restructuring

<table>
<thead>
<tr>
<th>Time</th>
<th>Weak banks</th>
<th>Restructuring plans</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: VIRAC
2. **Vietnam economy**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Economic growth</td>
</tr>
<tr>
<td>2.2</td>
<td>Trade agreements and legal documents</td>
</tr>
<tr>
<td>2.3</td>
<td>Operation of investment channels</td>
</tr>
<tr>
<td>2.4</td>
<td>Mergers and Acquisitions</td>
</tr>
<tr>
<td>2.5</td>
<td>Risks and Forecasts</td>
</tr>
</tbody>
</table>
2. Vietnam economy
2.2 Trade agreements and legal documents

Until the end of Q1/2018, Vietnam has signed, implemented, and is negotiating a total of 17 FTAs. Accession to international trade agreements brings opportunities and challenges for domestic firms.

Vietnam trade integration process from 1995 to present

THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP):
Regional Comprehensive Economic Partnership (RCEP):

ASEAN Economy Community (AEC):

Free Trade Agreements FTA
In addition to these free trade agreements, Vietnam is also a member of two major economic forums like:

- **Asia-Pacific Economic Cooperation (APEC):**

- **The Asia-Europe Meeting (ASEM):**
## Execution process of the agreements in the FTA group

<table>
<thead>
<tr>
<th>No.</th>
<th>Agreements</th>
<th>Member</th>
<th>Execution process</th>
<th>Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ATIGA</td>
<td>ASEAN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>ACFTA</td>
<td>ASEAN - China</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>AKFTA</td>
<td>ASEAN – South Korea</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE**
### 2. Vietnam economy

#### 2.2 Trade agreements and legal documents - 2.2.1 Agreed trade agreements and impacts

<table>
<thead>
<tr>
<th>No.</th>
<th>Agreements</th>
<th>Members</th>
<th>Execution process</th>
<th>Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>AJCEP</td>
<td>ASEAN - Japan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>VJEPA</td>
<td>Vietnam-Japan</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE
### 2. Vietnam economy

#### 2.2 Trade agreements and legal documents - 2.2.1 Agreed trade agreements and impacts

<table>
<thead>
<tr>
<th>No.</th>
<th>Agreements</th>
<th>Members</th>
<th>Execution process</th>
<th>Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>AANZFTA</td>
<td>ASEAN - Australia/New Zealand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>AIFTA</td>
<td>ASEAN – India</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>VCFTA</td>
<td>Vietnam–Chile</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 2. Vietnam economy

### 2.2 Trade agreements and legal documents - 2.2.1 Agreed trade agreements and impacts

<table>
<thead>
<tr>
<th>No.</th>
<th>Agreements</th>
<th>Members</th>
<th>Execution process</th>
<th>Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>VKFTA</td>
<td>Vietnam – South Korea</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE

<table>
<thead>
<tr>
<th>10</th>
<th>VN-EAEUFTA</th>
<th>Vietnam-Eurasian Economic Union</th>
<th></th>
<th></th>
</tr>
</thead>
</table>
The industrial revolution 4.0 (industry 4.0) is on the onset and will affect all socio-economic sectors, while completely transforming the current production and management system. Industry 4.0 offers enormous opportunities to take advantage and at the same time is the challenge of being left behind and eliminated.
Enterprises

THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE
2. Vietnam economy

2.2 Trade agreements and legal documents - 2.2.2 New issued legal documents and decrees

THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE

Tax - Charges - Fees
Decision 2369 / QD-BTC issued by the Ministry of Finance on November 16, 2017 stipulating the promulgation of administrative procedures abolished in the field of tax management under the authorization of the Ministry of Finance.
2. Vietnam economy

2.1 Economic growth

2.2 Trade agreements and legal documents

2.3 Operation of investment channels

2.4 Mergers and Acquisitions

2.5 Risks and Forecasts
2. Vietnam economy
2.3 Operation of investment channel – 2.3.1 Bonds

The winning value of bonds through the months, 12/2017-3/2018

Billion VND

The content is intentionally removed for demo purpose

Sources: VIRAC, HNX

Bond market share in circulation, 3/2018

In 2017, it can be seen that the State Treasury has been relatively successful in issuing long-term bonds of 20 years and 30 years with a lower winning yield.

Sources: VIRAC, HNX
2017 is the year having the most winning bid volume of long-term bonds.
2. Vietnam economy

2.3 Operation of investment channel – 2.3.1 Bonds

In Q1/2017, the trend in Repo transaction value is increasing.

Vietnam's government bond market in recent years has not only achieved the growth in transaction size, but has been developing in depth.

Sources: VIRAC, HNX
2. Vietnam economy  
2.3 Operation of investment channel – 2.3.1 Bonds

value of bonds issued by corporation, 2010 – 2017e

• Mobilization of capital through corporation bond issuance in 2017 is about VND 100 trillion, down 15% from 2016.

• Corporation bond issuance in 2017:

• 2018 is expected to be a strong year for the Vietnam bond market

Sources: VIRAC, NFSC
In March 2018, the total transaction value on the stock market reached over VND 17.940 billion per session, increasing by 4.8% compared to February, up 33.4% over the same period in 2017.

Sources: VIRAC, SSC
Following the uptrend of 2016, VN Index and HNX Index continuously set new high prices.

The transaction on HNX in the first 3 months of 2018 has a rapid increase in both volume of shares as well as total transaction value.

THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE

Trading volume and value on HOSE, 2016 – 3/2018

Million shares

Billion VND

Sources: VIRAC, HSX

Trading volume and value on HNX, 2016 – 3/2018

Million shares

Billion VND

Sources: VIRAC, HNX
2. Vietnam economy
2.3 Operation of investment channel – 2.3.2 Shares

The capitalization value of UPCoM continues to outperform HNX.

Rising prices, new listing activity have contributed mainly to the increase in market capitalization.

Sources: VIRAC, Bloomberg

Movements of stocks over the months, 12/2017-3/2018

Capitalization size of VNINDEX and HNX, 2/2017-3/2018

Sources: VIRAC, HNX, Bloomberg
In Q1/2018, foreign cash flow still plays the role of leading and orienting the market, especially at the end of the year.

### Foreign net transaction value, 2013-Q1/2018

<table>
<thead>
<tr>
<th>Country</th>
<th>Billion VND</th>
</tr>
</thead>
</table>

### Foreign capital flows in some Countries, 3/2018

<table>
<thead>
<tr>
<th>Country</th>
<th>March/2018 (million USD)</th>
<th>Quarter 1/2018 (million USD)</th>
</tr>
</thead>
</table>

Sources: VIRAC, NFSC
Gold prices increased sharply in mid-January 2018 mainly due to the fluctuation of gold prices in the world.

In Q1/2018, the domestic gold market is affected by the international market.

Sources: VIRAC, SJC.com.vn
Domestic gasoline prices in the second half of Q1/2018 fluctuated and remained at the end of the quarter.

The agreement to cut OPEC oil production by the end of 2016 has driven world oil to maintain steady growth in 2017.

Sources: VIRAC, MOF.
2. Vietnam economy

2.1 Economic growth

2.2 Trade agreements and legal documents

2.3 Operation of investment channels

2.4 Mergers and Acquisitions

2.5 Risks and Forecasts
Continuing the growth trend from previous years, M & A activity in Q1/2018 is quite exciting.

Thailand, Singapore, Japan, South Korea are still the main investors in the Vietnamese market.

**2. Vietnam economy**

**2.4 Mergers and Acquisitions**

The number and value of M & A deals, 2006 – 3M/2018

$\text{Billion USD}$

**Sources:** VIRAC, IMAA

Structure of M&A by industries, 2016-3M/2018

**Sources:** VIRAC, IMAA
2. Vietnam economy
2.4 Mergers and Acquisitions

- 2018 is considered a boom year for M & A of real estate projects with many large M & A deals on the real estate market.

Number of deals and average transaction value of some countries, 2T/2018

<table>
<thead>
<tr>
<th>Million USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Vietnam economy</td>
</tr>
<tr>
<td>2.4 Mergers and Acquisitions</td>
</tr>
</tbody>
</table>

In terms of M&A trend in 2018,

**THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE**

Sources: VIRAC, IMAA
In 2017, 45 enterprises have been approved by the competent authorities for equitization,

According to the plan approved by the Government, in the period of 2017-2020, the whole country must complete the equitization of 127 state-owned enterprises (SOEs)
2018 is the fourth year to promote the divestment, equitization of state-owned enterprises associated with the stock market.

Sources: VIRAC, HNX

Some big IPO in 2018

Sources: VIRAC, VDSC
2. Vietnam economy

2.1 Economic growth

2.2 Trade agreements and legal documents

2.3 Operation of investment channels

2.4 Mergers and Acquisitions

2.5 Risks and Forecasts
2. Vietnam economy
2.5 Risks and Forecasts – 2.5.1 Risks

Inflation risks:

Risks of medium-term growth prospects due to slow pace of restructuring:

Risk of influence by global political instability
2. Vietnam economy

2.5 Risks and Forecasts – 2.5.1 Risks

Risk of exchange rate fluctuation

Risk of delaying implementation and fiscal tightening

THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE

Risk of climate change and environmental pollution
Forecast of world economic prospects in 2018
Forecast of Vietnam economic prospects in 2018
2. Vietnam economy
2.5 Risks and Forecasts – 2.5.2 Forecasts

In terms of inflation control

THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE

In terms of implementing the estimation for State budget
2. Vietnam economy

2.5 Risks and Forecasts – 2.5.2 Forecasts

In terms of credit to the economy

In terms of the liquidity of the banking system

THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE

In terms of the interest rates
2. Vietnam economy
2.5 Risks and Forecasts – 2.5.2 Forecasts

In terms of the foreign exchange market

In terms of the stock market

THE CONTENT IS INTENTIONALLY REMOVED FOR DEMO PURPOSE
Report Disclaimer:

This document has been prepared in good faith on the basis of information available at the date of publication without any independent verification. VIRAC has produced this report for private circulation to professional clients only. All information and statistical data herein have been obtained from sources we believe to be reliable and made to ensure the accuracy of the contents of the pages of the report at the time of preparation. Such information has not been independently verified and VIRAC makes no representation or warranty, whether express or implied, of any kind with respect to the document and its contents, information and materials. The content found in this report is proprietary to VIRAC and is provided solely for your personal and non-commercial use. You agree that you will not use this report for any purpose that is unlawful and that you will not reproduce the report or redistribute it outside your organisation, or place it on a website for public access without the express written permission of VIRAC.

SHOULD YOU NEED ANY ASSISTANCE, PLEASE CONTACT US:

Vietnam Industry Research And Consultancy (VIRAC)
6 th Floor, Anh Minh Building, 36 Hoang Cau, O Cho Dua, Dong Da, Hanoi, Vietnam
Website: http://virac.com.vn/
Email: viracresearch@virac.com.vn | Tel: +84 463289520
Thank you!