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April Trade Data

Trade weakens further as COVID-19 spreads overseas

April trade data worsen as the coronavirus spreads in overseas export markets

— Preliminary April trade data from the Customs Office showed a sharper deterioration than earlier figures from the General Statistics Office. April exports were USD17.6 billion or down 14.0% YoY vs the 3.5% drop estimated by the GSO and imports were USD18.5 billion or down 11.8% YoY vs the GSO's estimated 2.3%. April's trade balance turned negative again and posted a USD0.9 billion deficit that lowered the four-month accumulated trade surplus to USD3.0 billion after seeing large surpluses in February and March.

Exports from key FDI sectors fared worse and plunged by 21% YoY

— Exports from FDI sectors fell by 20.6% YoY, with some key items like smart phones, textiles, footwear and timber falling more than 30% YoY. Exports from local companies saw little change. The global spread of the coronavirus saw exports to Europe plummet for the second-consecutive month, with figures for France at -45.7% YoY, Italy at -41.5% YoY and Spain at -42.1% YoY. Exports to the US and Korea also fell for the first time and taken together declined by 7.7% YoY. April exports also witnessed some positive developments, including strong growth for: 1) computers & electronics, machinery and some agricultural products (cashews and coffee); and 2) shipments to Hong Kong, Taiwan and China as exports were diverted to these markets (Fig. 4). Export growth in computers & electronics surged by 17.9% YoY and machinery by 23.4% YoY largely due to: 1) increasing work-from-home demand for computers and laptops; and 2) Vietnam taking advantage of more exports in medical devices and equipment.

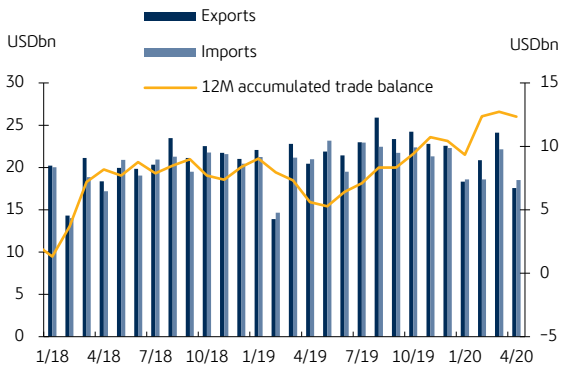
April imports fell by 12% YoY on weak input materials and weaker consumer demand

— Imports for the FDI sectors fell by 12.7% and local sectors dropped by 10.6%, with weakness mainly coming from fewer imports of input materials. The nationwide lockdown also led to weaker demand for consumer products, which saw imports fall for agricultural products (vegetables -63.5%), fishery products (-7.5%) and tobacco (-28.5%). With the exception of pharmaceutical goods (+23.8% YoY), imports for intermediate goods such fabrics, textiles and smartphones were down over 20%, while more modestly down for computers (-4.1%) and machinery (-0.9% YoY).

May recovery likely premature but better trade figures expected from June onwards

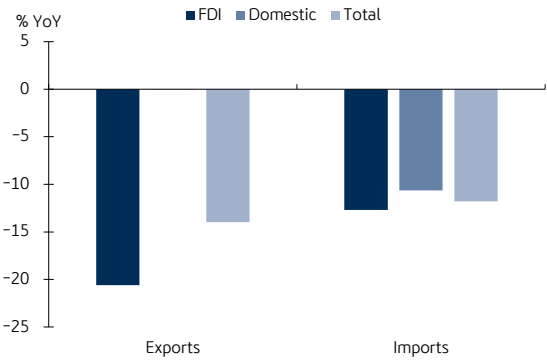
— Export recovery may prove too early for May and any improvement will likely be limited to agricultural items (cashews, coffee and seafood) as lockdowns in major trading partners are just starting to be lifted. That said, the continued relaxation of social distancing measures currently underway should restore consumer demand and export figures from June onwards.

Fig 1. Vietnam – Exports/Imports and 12-month accumulated trade balance, Jan 18 – Apr 20 (USDbn)



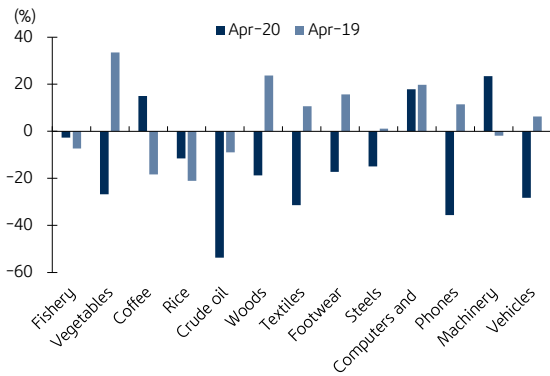
Source: Customs Office, KB Securities Vietnam

Fig 2. Vietnam – Exports/Imports by economic sectors, Apr 20 (% YoY)



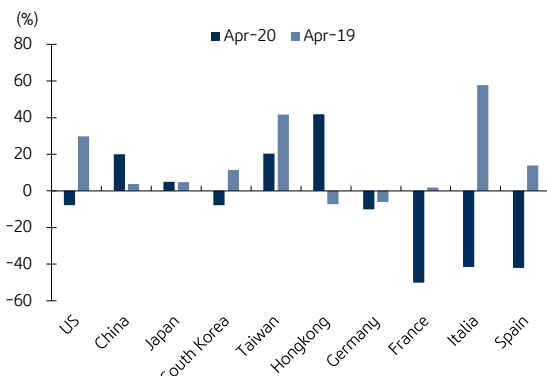
Source: Customs Office, KB Securities Vietnam

Fig 3. Vietnam – Export growth product, Apr 19 & Apr 20 (% YoY)



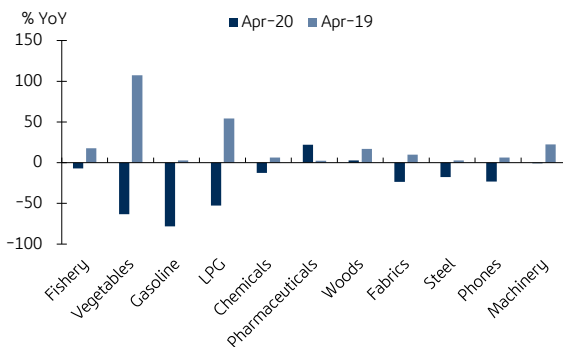
Source: Customs Office, KB Securities Vietnam

Fig 4. Vietnam – Export growth by country, Apr 19 & Apr 20 (% YoY)



Source: Customs Office, KB Securities Vietnam

Fig 5. Vietnam – Import growth by product, Apr 19 & Apr 20 (% YoY)



Source: Customs Office, KB Securities Vietnam

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(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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