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Macro Analyst  
Thai Thi Viet Trinh  
trinhhtt@kbsec.com.vn

# May FDI Flows

## May down sharply but July recovery expected

### Total registered FDI drops sharply for the first five months of the year

— Registered FDI fell 17.0% YoY for the first five months of the year to USD13.9 billion. The decline is even larger at minus 23.3% YoY after removing large projects, including Vietnam Beverage's capital contribution and share purchases for USD3.9 billion in 2019 and the LNG gas power plant for USD4.0 billion in 2020. The monthly figure for May was only USD1.5 billion or down 60% from the previous month. In terms of the manufacturing sector, May's registered FDI plummeted by 72% MoM and only recorded USD0.91 billion for the month, bringing the total for the first five months to USD6.9 billion or merely half of the amount compared to the same period last year. Registered FDI from key partners such as Japan, South Korea and China have not seen any signs of significant improvement so far this year, while growing FDI from Singapore and Thailand now rank both countries as Vietnam's largest investment partners.

### Disbursed FDI fares better and at similar levels to last year

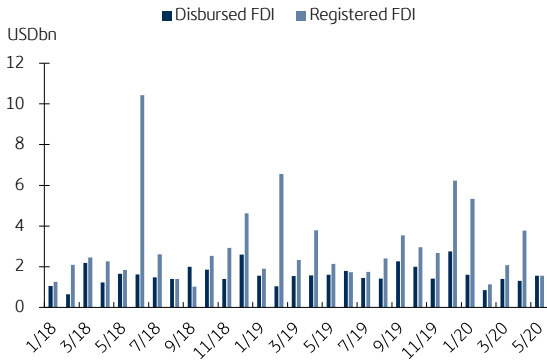
— Disbursed FDI in May was slightly higher than the previous month at USD1.55 billion and equivalent to the same period last year. This brings total FDI disbursements for the first five months of the year to USD6.7 billion or down 8.2% YoY mainly due to the peak in the coronavirus between February and April.

### Government initiating efforts to attract more FDI flows into Vietnam

— The government recently created a special working group to promote and improve the quality of FDI into Vietnam by addressing any bottlenecks to investments. Vietnam is one of the first countries to bring the coronavirus under control and we expect this will allow FDI flows to improve from July. The government also plans to reopen international flights by June as part of its plan to have a jump start on competing countries like India and Indonesia to make Vietnam more attractive for supply chains that are moving out of China in the post-COVID-19 period.

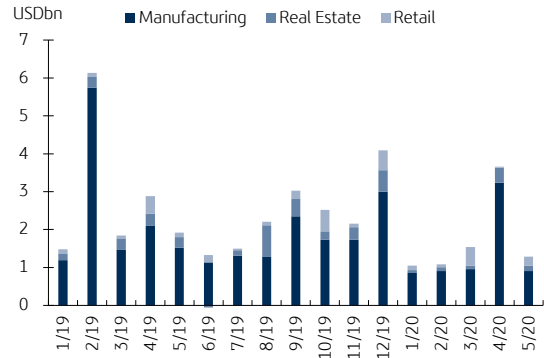


**Fig 1. Vietnam – Registered and disbursed FDI, Jan 18–May 20 (USDbn)**



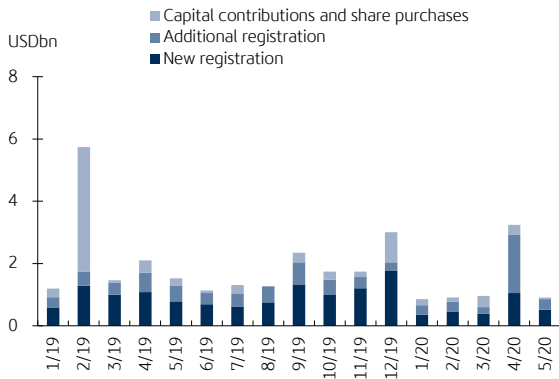
Source: Ministry of Planning & Investment, KB Securities Vietnam

**Fig 2. Vietnam – Registered FDI by key sectors, Jan 19–May 20 (USDbn)**



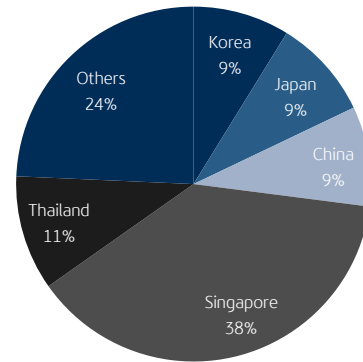
Source: Ministry of Planning & Investment, KB Securities Vietnam

**Fig 3. Vietnam – Breakdown of registered FDI for the manufacturing sector, Jan 19–May 20 (USDbn)**



Source: Ministry of Planning & Investment, KB Securities Vietnam

**Fig 4. Vietnam – Registered FDI by country of origin, Jan–May 2020 cumulative total (%)**



Source: Ministry of Planning & Investment, KB Securities Vietnam

## KB SECURITIES VIETNAM RESEARCH

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**Head of Research – Nguyen Xuan Binh**

binhnx@kbsec.com.vn

### **Macro/Strategy**

**Head of Macro & Strategy – Tran Duc Anh**

anhtd@kbsec.com.vn

**Macro Analyst – Thai Thi Viet Trinh**

trinhhtt@kbsec.com.vn

**Market Strategist – Le Anh Tung**

tungla@kbsec.com.vn

### **Equity (Hanoi)**

**Head of Equity Research (Hanoi) – Duong Duc Hieu**

hieudd@kbsec.com.vn

**Information Technology & Logistics Analyst – Nguyen Anh Tung**

tungna@kbsec.com.vn

**Property Analyst – Pham Hoang Bao Nga**

ngaphb@kbsec.com.vn

**Power & Construction Material Analyst – Le Thanh Cong**

congltt@kbsec.com.vn

**Financials Analyst – Nguyen Thi Thu Huyen**

huyenntt@kbsec.com.vn

### **Equity (Ho Chi Minh)**

**Head of Equity Research (Ho Chi Minh) – Harrison Kim**

harrison.kim@kbfq.com

**Consumer & Retailing Analyst – Dao Phuc Phuong Dung**

dungdpp@kbsec.com.vn

**Fisheries & Pharmaceuticals Analyst – Nguyen Thanh Danh**

danhnt@kbsec.com.vn

**Oil & Gas & Chemicals Analyst – Nguyen Vinh**

vinhn@kbsec.com.vn

### **Research Marketing**

**Korea Marketing Analyst – Seon Yeong Shin**

shin.sy@kbsec.com.vn

## KB SECURITIES VIETNAM (KBSV)

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### Head Office:

Levels G, 2 & 7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam  
Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

### Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam  
Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

### Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam  
Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

### Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam  
Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

### CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656  
Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276  
Email: [ccc@kbsec.com.vn](mailto:ccc@kbsec.com.vn)  
Website: [www.kbsec.com.vn](http://www.kbsec.com.vn)

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### Investment Ratings for Stocks

(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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