

January 31, 2020

Macro Analyst  
Thai Thi Viet Trinh  
(+84) 24-7303-5333 emailaddress@kbsec.com.vn

# Macro Updates

## Tet Impact on Record January CPI & Weak Trade Data

### Headline & core inflation reach record highs in January into Tet holidays

- January headline CPI hit 1.2% MoM (highest January figure over past seven years) and 6.4% YoY (highest since August 2013) mainly due to the sharp rise in pork prices.
- The largest contributors were food & catering services (up 10.9% YoY) and food (up 14.5% YoY and pork prices alone up 8.3% MoM), with both adding 4.0% to CPI.
- Housing & construction materials (up 6.3%) added 1.0% to CPI, while higher pump prices into Tet pushed transport up 7.5% YoY and also added 0.7% to the monthly inflation number
- Core inflation also picked aggressively to 0.76% MoM and 3.25% YoY or the highest ever for the yearly jump in consumer prices on higher housing-related costs.

### January's CPI spike was expected & likely spill over into February until cooling in 2H20

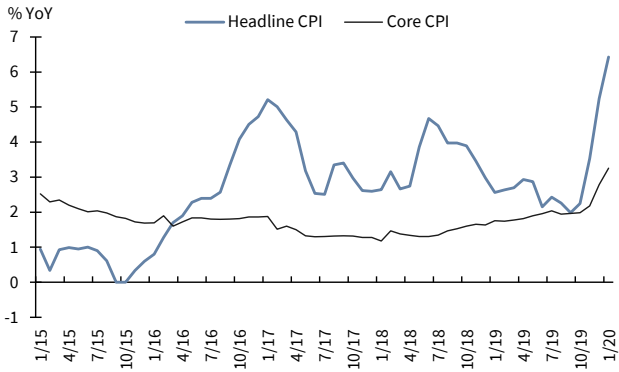
- Overall, the surge in January inflation was largely expected as outlined in our recent comment *Report on Petrol prices & January CPI* (January 16, 2020), with only food & catering services coming in above our estimates.
- We expect Tet seasonality to spill over into February and monthly CPI should remain high at 6.0%–6.2% YoY due to: 1) pork prices remaining high (only a 5% MoM drop in prices); and 2) base effect owing to Tet falling late in January. However, the sequential monthly figure should moderate on lower transport costs after the government cut gas prices (RON95) by VND800/liter on January 30.
- We maintain our full-year 2020 CPI forecast at 3.7% and expect inflation to cool into 2H20, helped by the base effect (pork prices rose aggressively from 2H19). With inflation running hotter than government targets, we expect the State Bank of Vietnam (SBV) to keep monetary policy tight in 1H20 but should be willing to cut the base rate by 20bps in 2H20 if conditions are favorable.

### January trade figures drop sharply due to the early Tet holidays but recovery for February

- Preliminary data from General Statistics Office (GSO) estimate exports at only USD19 billion (down 14.3% YoY) and imports at USD19 billion (down 11.3% YoY), leading to a small trade deficit for January. Large drops exports were seen in textiles (–21% YoY) and smartphones & components (–22.4%), while imports saw the largest drops in machinery and electronic equipment & components. The US remains Vietnam's largest export market at USD4.8 billion (down 7.6% YoY).
- Production will likely normalize in February as trade activities bounce back from the holidays. In particular, Samsung is expected to launch a new handset at the end of February, which should provide strong support for exports in smartphones & components.

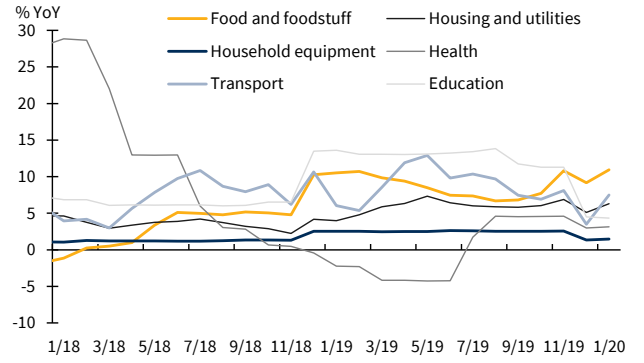


**Fig 1. Vietnam – Monthly headline CPI & core CPI, Jan 15–Jan 20 (% YoY)**



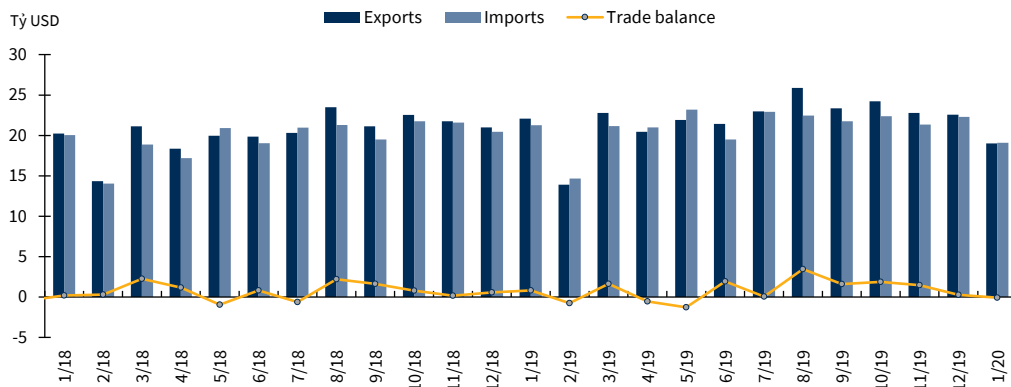
Source: General Statistics Office, KB Securities Vietnam

**Fig 2. Vietnam – Monthly CPI main basket groups, Jan 18–Jan 20 (% YoY)**



Source: General Statistics Office, KB Securities Vietnam

**Fig 3. Vietnam – Monthly trade figures & trade balance, Jan 18–Jan 20 (US\$ billions)**



Source: General Statistics Office, KB Securities Vietnam

## KB SECURITIES VIETNAM RESEARCH

---

**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@kbf.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)

---

### 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)

## Investment ratings & definitions

---

### 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

Opinions in this report reflect the professional judgment of the research analyst(s) as of the date hereof and are based on information and data obtained from sources that KBSV considers reliable. KBSV makes no representation that the information and data are accurate or complete and the views presented in this report are subject to change without prior notification. Clients should independently consider their own particular circumstances and objectives and are solely responsible for their investment decisions and we shall not have liability for investments or results thereof. These materials are the copyright of KBSV and may not be reproduced, redistributed or modified without the prior written consent of KBSV. Comments and views in this report are of a general nature and intended for reference only and not authorized for use for any other purpose.