

November 15, 2023

Analyst Ho Duc Thanh  
thanhd@kbsec.com.vn

# October US inflation

## CPI slowed more than expected

### **Both US CPI and core CPI decreased more than expected for October 2023**

- CPI shrank from 3.7% in September to 3.2%, 0.1% lower than market expectations for October. Meanwhile, core CPI hit its two-year low, down from 4.1% in September to 4.0%.
- Energy prices contracted 4.5% YoY, and food, shelter, and vehicle costs slowed their YoY increase rates. In particular, shelter costs (accounting for 70% of core CPI) picked up 6.7% YoY in the month versus a 7.2% YoY increase in September.

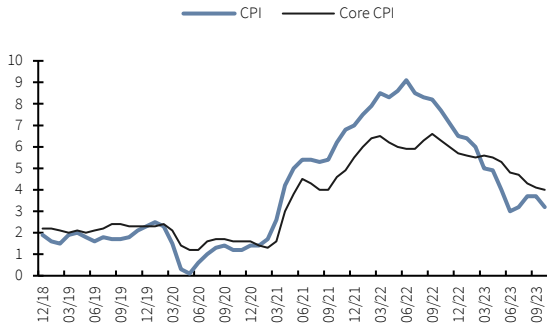
### **All eyes are now on the Federal Reserve to see if the US central bank is done with its rate hikes**

- The October CPI reading was what the Fed expected when both CPI and core CPI declined, even better than market expectations. Before the announcement, there was a 30% chance of another interest rate increase. However, the CME FedWatch Tool implies hardly any other rate hikes and a possible initial rate cut in May 2024.

### **The US dollar index (DXY) and US 10Y bond yields fell sharply**

- Inflation slowdown sent the DXY and 10-year bond yields plummeting, which we assess would positively impact the market since it mitigates the risks from the USD/VND exchange rate and inflationary pressures. Besides, China fell back into deflation in October, and hog prices plunging more than 30.1% YoY also helped to curb inflation.
- For the USD/VND exchange rate, the ask rate at Vietcombank (VCB) was 24,450 this morning, down 1.2% versus early November. Accordingly, the interbank exchange rate was quoted at 24,272, down 1.2%.

Fig 1. US – CPI & core CPI (% YoY)



Source: Bloomberg, KB Securities Vietnam

Table 1. US – Fed funds rate

MEETING DATE	425-450	450-475	475-500	500-525	525-550	550-575
13/12/2023	0,0%	0,0%	0,0%	0,0%	94,5%	5,5%
31/01/2024	0,0%	0,0%	0,0%	3,9%	90,8%	5,3%
20/03/2024	0,0%	0,0%	1,2%	30,0%	65,2%	3,7%
01/05/2024	0,0%	0,5%	14,6%	46,4%	36,4%	2,0%
12/06/2024	0,4%	9,7%	35,3%	39,9%	14,0%	0,7%
31/07/2024	6,5%	26,4%	38,3%	23,0%	5,3%	0,2%
18/09/2024	19,4%	34,1%	28,4%	11,5%	2,0%	0,1%
07/11/2024	26,9%	31,2%	19,8%	6,7%	1,0%	0,0%
18/12/2024	29,9%	23,3%	10,7%	2,8%	0,3%	0,0%

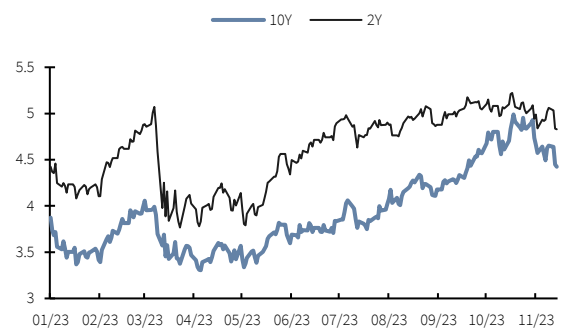
Source: CME, KB Securities Vietnam

Fig 2. US – DXY



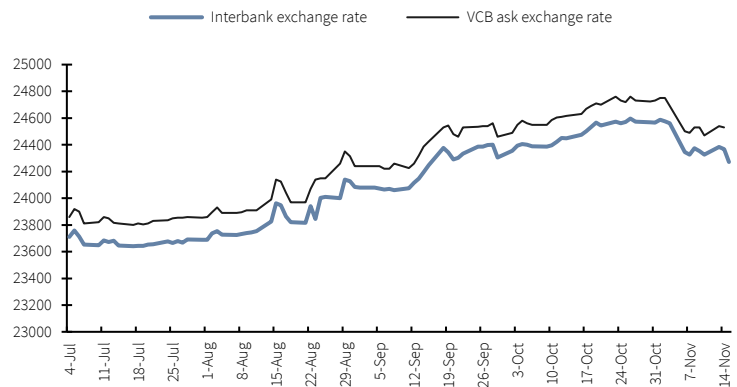
Source: Bloomberg, KB Securities Vietnam

Fig 3. US – 10Y and 2Y bond yields (%)



Source: Bloomberg, KB Securities Vietnam

Fig 4. USD/VND exchange rate



Source: Fiiipro, KB Securities Vietnam

Nguyen Xuan Binh – Head of Research

binhnx@kbsec.com.vn

Research Division

research@kbsec.com.vn

## Equity

### Banks, Insurance & Securities

Nguyen Anh Tung – Manager

tungna@kbsec.com.vn

Pham Phuong Linh – Analyst

linhpp@kbsec.com.vn

### Real Estate, Construction & Materials

Pham Hoang Bao Nga – Senior Analyst

ngaphb@kbsec.com.vn

Nguyen Duong Nguyen – Analyst

nguyennnd1@kbsec.com.vn

### Retails & Consumers

Nguyen Truong Giang – Analyst

giangnt1@kbsec.com.vn

### Industrial Real Estate, Logistics

Nguyen Thi Ngoc Anh – Analyst

anhntn@kbsec.com.vn

### Information Technology, Utilities

Nguyen Dinh Thuan – Analyst

thuannd@kbsec.com.vn

### Oil & Gas, Chemicals

Pham Minh Hieu – Analyst

hieupm@kbsec.com.vn

## Macro/Strategy

Tran Duc Anh – Head of Macro & Strategy

anhtd@kbsec.com.vn

### Macroeconomics & Banks

Ho Duc Thanh – Analyst

thanhhd@kbsec.com.vn

Vu Thu Uyen – Analyst

uyenvt@kbsec.com.vn

### Strategy, Investment Themes

Thai Huu Cong – Analyst

congth@kbsec.com.vn

Nghiem Sy Tien – Analyst

tienss@kbsec.com.vn

## Support team

Nguyen Cam Tho – Assistant

thonc@kbsec.com.vn

Nguyen Thi Huong – Assistant

huongnt3@kbsec.com.vn

## KB SECURITIES VIETNAM (KBSV)

---

### Head Office:

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ba Dinh 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.