

May Trade Data

Exports improve slightly but imports worsen

May trade data slightly better than previous month but worsen on year-over-year basis

— Preliminary May trade data from the Customs Office improved modestly over April but were still down sharply against the same period last year. May exports increased by 9.1% MoM but decreased by 12.4% YoY, while imports decreased by 1.9% MoM and 21.6% YoY. The monthly trade balance turned positive again in May and posted a USD1.0 billion surplus to bring the total to a USD4.0 billion surplus for the first five months of the year.

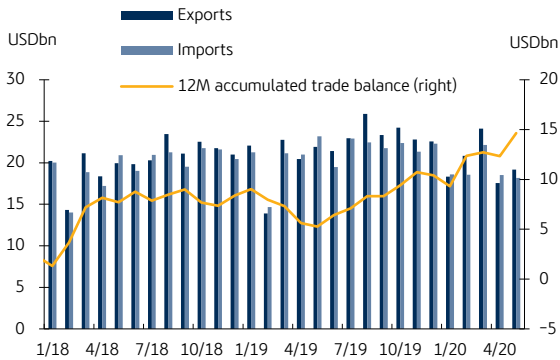
Exports from key FDI sectors continued to fall but local company exports improved

— May exports reached USD19.2 billion as exports from domestic companies recovered to USD7.3 billion or up 8.1% YoY. The most significant contributions came from rice (+67.6% YoY) and gemstones (+377.8% YoY). That said, exports from FDI companies were only USD11.9 billion and are still down 21.5% YoY. Contractions of over 20% were seen in key FDI product categories of phones, steel, textiles and footwear. In terms of trading partners, exports to the US recovered somewhat from April levels and recorded positive 1.2% YoY growth. Recovery from Europe, however, was held back by the sharp drop in machinery exports and most likely the result of lower demand for medical equipment. Exports to the Asia region remained promising, with exports to Hong Kong surging by 58.4% YoY, Taiwan up 3.4% YoY and China up 3.5% YoY. The biggest gainers for Hong Kong were electronics, machinery and gemstones, while China exports benefited from steel, seafood, electronics and phones.

But May imports continued to fall by 21.6% YoY amid weak demand

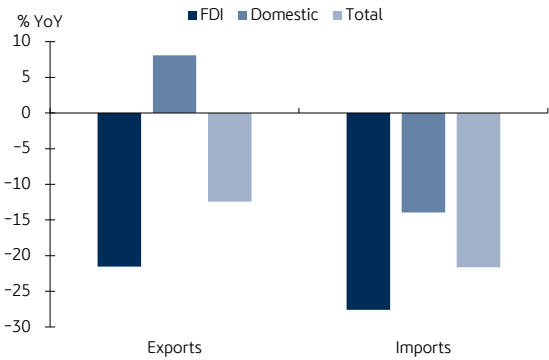
— Imports for the FDI sectors fell by 27.6% YoY vs the 14% YoY drop for the local sectors. Weakness was seen in most product categories from input materials to consumer goods. Agricultural imports continued to drop as vegetables fell by 49% YoY and seafood was down 15.5% YoY. Input materials were also hit hard, with imports for fabrics, textiles and phones all down by about 30% YoY. Imports of electronic products and machinery have also declined significantly after seeing months of increases or only modest monthly drops. Negative signals from May's weak imports – especially for input materials from the FDI sectors – does not bode well for a quick recovery of exports in June. In the near term, export recovery will likely remain narrow and primarily focus on agricultural products, such as rice, cashew nuts, coffee and seafood.

Fig 1. Vietnam – Exports/imports & rolling 12-month trade balance, Jan 18–May 20 (USDbn)



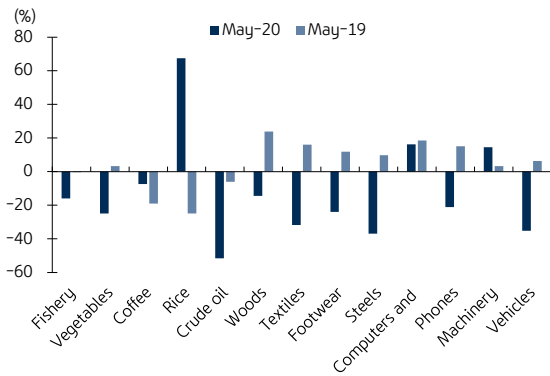
Source: Customs Office, KB Securities Vietnam

Fig 2. Vietnam – Exports/imports growth by sector, May 20 (% YoY)



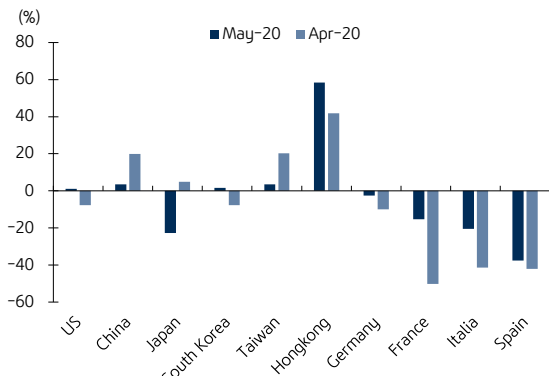
Source: Customs Office, KB Securities Vietnam

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



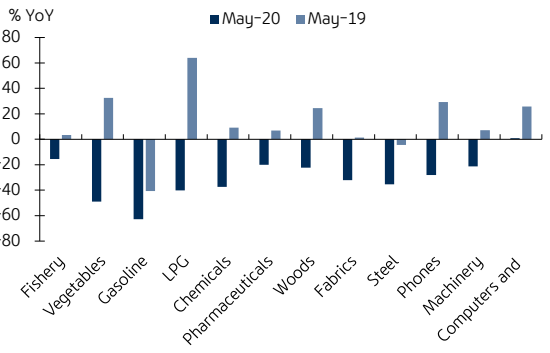
Source: Customs Office, KB Securities Vietnam

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



Source: Customs Office, KB Securities Vietnam

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



Source: Customs Office, KB Securities Vietnam

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

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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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