

01/18/2023 16:08:52 [BN] Bloomberg News

## Vietnam Stock Gauge Enters Bull Market as Rates Seen to Ease

- Foreigners bought \$15 million shares on net basis in January
- The country is primed to be manufacturing hub in the region

By Nguyen Kieu Giang

(Bloomberg) -- Vietnam's stock benchmark entered a bull market, as expectations of easing monetary policy and China's reopening brightened the outlook for the nation's equities.

The benchmark VN Index rose 0.9% on Wednesday, taking gains in the measure from a two-year low in November to over 20%. Vingroup JSC and Masan Group Corp. contributed the most to the index's advance.

Vietnam's central bank may be nearing the end of its tightening cycle as economic growth is seen to soften. A potential easing in the Federal Reserve's aggressive rate hikes would also trigger risk appetite for emerging markets, analysts said, which could boost foreign interest in the Southeast Asian nation.

Foreign investors have bought \$15 million worth of Vietnam shares on a net basis so far in January, according to Bloomberg-compiled data.



Further cooling of US inflation will give room to central banks including “the State Bank of Vietnam to pause any future interest rate hikes which should be positive for investor sentiment,” said Ruchir Desai, co-fund manager of

This report may not be modified or altered in any way. The BLOOMBERG PROFESSIONAL service and BLOOMBERG Data are owned and distributed locally by Bloomberg Finance LP (“BFLP”) and its subsidiaries in all jurisdictions other than Argentina, Bermuda, China, India, Japan and Korea (the “BFLP Countries”). BFLP is a wholly-owned subsidiary of Bloomberg LP (“BLP”). BLP provides BFLP with all the global marketing and operational support and service for the Services and distributes the Services either directly or through a non-BFLP subsidiary in the BLP Countries. BFLP, BLP and their affiliates do not provide investment advice, and nothing herein shall constitute an offer of financial instruments by BFLP, BLP or their affiliates.

the AFC Asia Frontier Fund. "The sharp increase in interest rates in Vietnam has been one of the headwinds for the market."

The State Bank of Vietnam carried out two rate hikes of 1 percentage point each in September and October last year, rushing to respond to high interest rates in the US.

The bullish stock-market milestone comes amid political upheaval in the nation. Vietnam's president stepped down and was ousted from the Communist Party's top bodies in an unparalleled shakeup this week, as leader Nguyen Phu Trong's anti-corruption purge casts an ever-widening net.

### 'Enjoy the Ride'

Vietnam should also see better arrivals from China in the second half of this year after Asia's largest economy removed its Covid restrictions. Chinese tourists accounted for 32% of arrivals in 2019, according to Desai.

Vietnam's economy had a record-beating gross domestic product growth of 8% in 2022, but market watchers expect a slowdown as the global economy faces headwinds. Still, Desai remains positive on the country's long-term prospects given that it is primed to benefit from the current shifts in global supply chains.

READ: Key Apple Partners Plan Expansion in Southeast Asia in 2023

"Vietnam is in the midst of sustainable structural growth which began a few years ago and this is set to continue well into the near future. Enjoy the ride," he added.

(Updates price levels and details of Vietnam's central bank rate hikes.)

--With assistance from Ishika Mookerjee.

To contact the reporter on this story:  
Nguyen Kieu Giang in Hanoi at [giang1@bloomberg.net](mailto:giang1@bloomberg.net)

To contact the editors responsible for this story:  
Catherine Ngai at [cngai16@bloomberg.net](mailto:cngai16@bloomberg.net)  
Margo Towie, Joy Lee