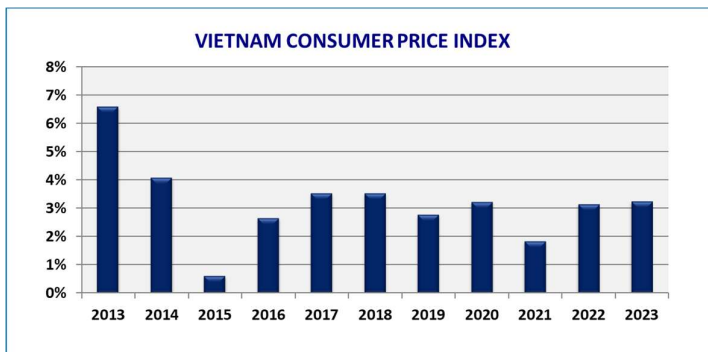


Vietnam Financial Market Report

The Year 2023

BRIEF ECONOMIC SITUATION

INFOGRAPHIC



Sources: General Statistics Office (GSO)

ECONOMIC HIGHLIGHTS

Vietnam's 2023 GDP expanded 5.05%.

Despite missing the government's growth target of 6.5%, Vietnam's economy still achieved a positive result of 5.05% while facing several challenges in 2023 (Q1: 3.41%, Q2: 4.25%, Q3: 5.47%, Q4: 6.72%). The positive result was mainly contributed by the service sector that hiked 6.82%, following by the industry and construction field that advanced 3.74% and the agriculture-forestry-fishery area that increased 3.83%.

Inflation has been kept under control with average CPI in 2023 hiking by 3.25%.

The consumer price index (CPI) in 2023 averagely increased 3.25%, well below the National Assembly's target of under 4.5%. The index in December increased by 0.12% month-on-month and 3.58% year-on-year, attributed by the rising medical costs, tuition fees, and prices of electricity and rice. In addition, core inflation in December increased 2.98% from last year, leading to an average core annual growth of 4.16%.

Vietnam's Industrial production index (IIP) in 2023 inched up 1.5% year-on-year.

In which, the growth declined 2.6% in Q1, 0.2% in Q2 while advanced 2.8% in Q3 and 5.0% in Q4. The overall growth was contributed by the manufacturing sector that expanded 1.6% annually with the consumption index increased 1.8% year-on-year while the year-end inventory index was estimated to increase 19.8% from last year.

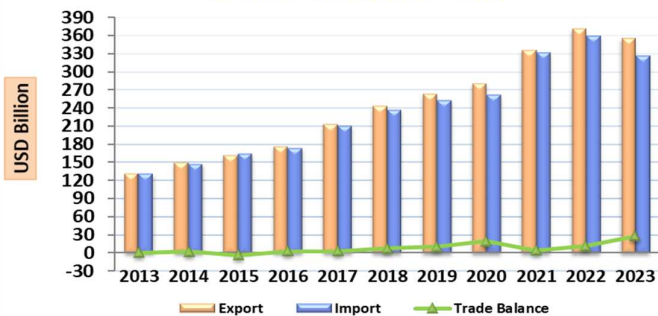
Vietnam Financial Market Report

The Year 2023

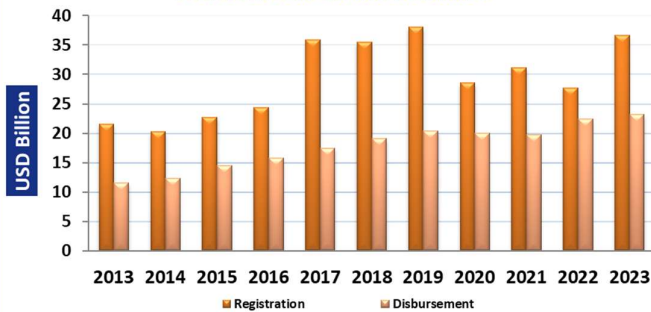
BRIEF ECONOMIC SITUATION

INFOGRAPHIC

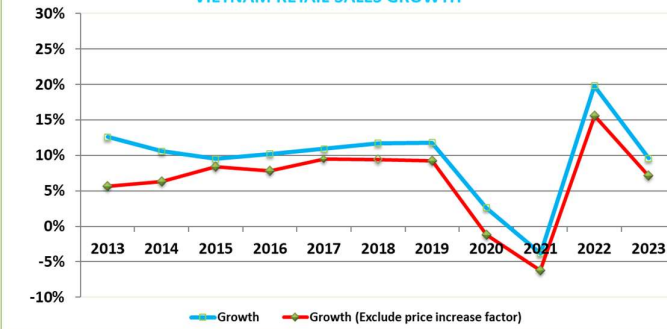
VIETNAM TRADE BALANCE



FOREIGN DIRECT INVESTMENT



VIETNAM RETAIL SALES GROWTH



Sources: General Statistics Office (GSO), Ministry of Planning and Investment

ECONOMIC HIGHLIGHTS

Vietnam earned US\$28 billion from trade surplus for the whole year.

Despite facing many difficulties since the beginning of the year, the country still achieved the record trade surplus of US\$28 billion in 2023. Of the figure, the annual exports volume noted US\$355.5 billion while import figure touched US\$327.5 billion, declining 4.4% and 8.9% respectively.

FDI disbursement noted US\$23.18 billion.

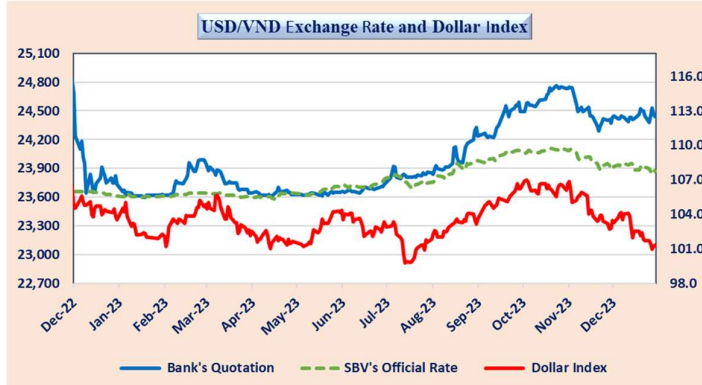
According to the Ministry of Planning and Investment, foreign direct investment (FDI) inflows grew 32.1% annually to US\$36.6 billion by 20 Dec 2023. In which, US\$20.2 billion was invested in new projects, US\$7.9 billion was injected in underway projects while investment through capital contribution and share purchase hit over US\$8.5 billion. The FDI disbursement also went up 3.5% year-on-year to US\$23.18 billion, noting the highest disbursement figure in five years.

The total retail sales of goods and service increased 9.6% annually to VND6,231.8 trillion in 2023.

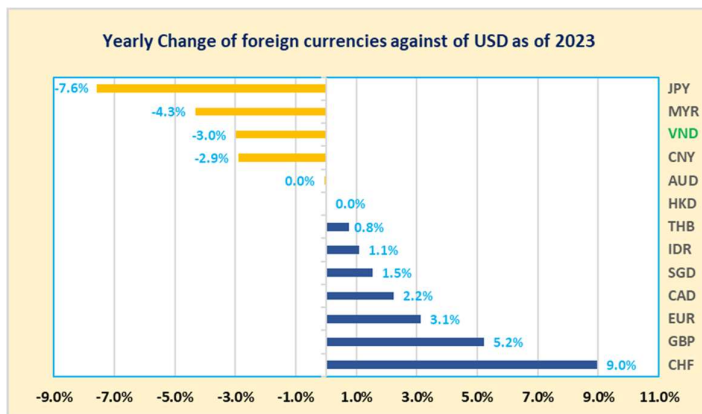
If excluding the price factor, the growth figure would be 7.1%. The hike was mainly contributed by the retail sales of goods that increased 8.6% from last year to VND4,858.6 trillion. Following by the accommodation and catering service that surged 14.7%, the traveling sectors that jumped 52.5%, and the other sectors increased 10.4% year-on-year.

FOREIGN EXCHANGE MARKET

INFOGRAPHIC



USD/VND Exchange rate	As of 29/12/2023	Δ MoM	Δ YoY
SBV's Official rate	23,866	-0.08%	1.08%
SBV's Ceiling rate	25,059	-0.08%	1.08%
SBV's Floor rate	22,673	-0.08%	1.08%
Bank's Quotation	24,100 - 24,440	0.41%	2.99%



Sources: SBV, Vietnam's Government, Refinitiv etc.

MARKET HIGHLIGHTS

Dollar/dong exchange rate fluctuated quite strongly in 2023. The main reason was due to the volatility of the US dollar index (DXY) in the international market as well as the temporary imbalance between the greenback supply and demand in the local front. Let's have a closer look at the picture of the local foreign exchange market in 2023.

USD/VND exchange rate dropped sharply before Tet holidays, then fluctuated strongly in the rest of the first quarter.

Entering to 2023, the international market witnessed the decrease of the U.S. dollar when the market participants believed in the possibility of slower pace of coming interest rate hikes owing to recent US positive economic indicators. Therefore, the DXY fell about 1.4% to around 102 points at the end of January.

Meanwhile, in the local market, high dong funding demands before Tet holidays pushed the rise of inter-bank VND interest rate. This drove market players to sell dollar for the local currency. Consequently, USD/VND exchange rate gradually went down from the 23,410-23,730 levels in the early year to 23,280-23,620 by the end of January. However, greenback supply showed weaker in late February after the huge amount of dollar was sold by banks to the authority.

FOREIGN EXCHANGE MARKET

MARKET HIGHLIGHTS

USD/VND exchange rates fluctuated quite strongly in the rest of Q1.

Dollar/dong exchange rates moved sideways in April-May period and increased at the end of Q2.

SBV bought a significant amount of dollar from market in the first half of 2023.

Dollar/dong rates shifted upward remarkably in Q3.

Besides, lower VND interest rates given stronger money market liquidity pushed USD/VND exchange rate up to hit the Q1's highest level of 23,690 – 24,030 in late February. Shifting to March, local market saw the downward trend in dollar/dong rates, which was mainly attributable to the weaker greenback in the international front. Market participants expected that U.S. Fed would slow down its interest rates hike given the rising risk in the global banking system. Accordingly, dollar/dong rates in local market cooled down and closed Q1 at 23,300 – 23,640 level.

Moving to Q2, local foreign exchange market showed steady thanks to the rich foreign currency supply sources from the trade surplus, FDI inflows and international tourism recovery. Notably, the country's trade balance recorded a positive status of US\$2.7 billion and US\$2.1 billion in April and May respectively. USD/VND exchange rate opened April at 23,290-23,630 level, fluctuated in a tight range and closed May at 23,320-23,660 level. However, in June, Vietnam State Treasury announced to buy US\$200 million in total, boosting higher greenback needs. In addition, dollar demand was also fueled by quarter-end overseas payment requirements, which pushed dollar/dong exchange rates up 95 dongs to 23,415-24,755 level by end-June.

Given favorable market conditions, SBV has continuously absorbed a significant amount of surplus greenback from banking system in the first five months. Besides, to response to the market situation, on May 18th, SBV announced to reduce its USDVND spot buying rate from 23,450 to 23,400. It was estimated that Vietnam central bank accumulated around US\$6 billion worth of foreign exchange reserves in H1 before market rates moved far away from SBV's buying levels in the next quarters.

Closing the first half of 2023, local currency only depreciated around 0.11% against greenback. However, in the third quarter, the local market witnessed the upside trend of exchange rate when demand overwhelmed supply. In particular, USDVND exchange rate sharply moved up by around 740 dongs to end Q3 at 24,150-24,490 levels.

FOREIGN EXCHANGE MARKET

MARKET HIGHLIGHTS

Higher negative gap between VND and USD interest rates put more pressure on the exchange rate.

Dollar/dong rate maintained its upward momentum in October.

The upward trend of greenback in international front was another factor causing VND depreciation.

The reason for the exchange rate up-movement was partly blamed to low levels of VND interest rates. In the local market, in order to support the economy recovery, SBV has cut its policy interest rates 4 times in 2023, bringing VND interest rates in the market to anchor at a very low level. Even though SBV issued bills to withdraw surplus funds in the inter-bank market, gloomy economic picture and slow credit growth led to the ample funding status in the banking system, dragging VND interest rates down significantly. Meanwhile, USD interest rates kept increasing. This broadened the negative difference between VND and USD interest rate. Obviously, market players preferred to hoard more dollar with expected higher yields.

Entering to October, USD/VND exchange rates continuously soared up and hit 24,420-24,760 in mid-October, recording the highest level in 2023 and bringing year-to-date VND depreciation versus USD by 4.34%. However, the domestic foreign exchange market liquidity remained strong and SBV did not need to draw down any precious foreign currency reserves to intervene into the market like they did in 2022. The wider trading band ($\pm 5\%$) adopted by late 2022 provided more space for market movement. The demand was fully met by the supply. It was just that buyers had to pay more dong for a dollar.

Besides, the complicated movement in the international front obviously caused significant influence on the exchange rate surge in the domestic market. Since the beginning of 2023, inflation has been a headache problem in the global. Central banks, particularly U.S. Fed have maintained the tight monetary policy to curb the inflation pressure. Even though US inflation went down in the first five months, it was still far from US. Fed's 2% long-term target. Whereby, U.S. Fed raised the benchmark rate by 75 basis points to a target range of 5.0-5.25% in the first three meetings in early 2023. After pausing in June, in the meeting in July, U.S. Fed again raised the benchmark rate by 25 basis points to a target range of 5.25-5.50%, the highest level since early 2001. Besides, U.S. Fed also left the door open for further increase in the coming time.

Vietnam Financial Market Report

The Year 2023

FOREIGN EXCHANGE MARKET

MARKET HIGHLIGHTS

DXY index fall in the rest of the year.

In addition, the unfavorable economic context in regions such as the European Union and China, the Ukraine crisis and new conflicts in the Middle East were also factors supporting the USD strength. DXY index in early October hit over 107 points after twelve weeks of gains, which was the highest level since November 2002, causing the depreciation of most currencies including VND.

After a strong upward momentum, DXY index began to down-correct since late November when a series of economic data showed that inflation and the US labor market cooled down. U.S. Fed ceased raising interest rates since July. Moreover, in December's meeting, U.S. Fed's Summary of Economic Projections showed the Fed Fund target rate falling three-quarters of a percentage point to 4.6% by the end of 2024. DXY index then quickly retreated, falling to nearly 101.3 points by end-December. Below was U.S. Fed's decision on USD interest rates adjustment in 2023:

FOMC Meeting Date	Rate Adjustment (bps)	FED Fund Target Rate
31/01/2023 – 01/02/2023	+25	4.50 - 4.75%
21/03/2023 – 22/03/2023	+25	4.75 - 5.00%
02/05/2023 – 03/05/2023	+25	5.00 - 5.25%
13/06/2023 – 14/06/2023	0	5.00 - 5.25%
25/07/2023 – 26/07/2023	+25	5.25 - 5.50%
19/09/2023 – 20/09/2023	0	5.25 - 5.50%
31/10/2023 – 01/11/2023	0	5.25 - 5.50%
12/12/2023 – 13/12/2023	0	5.25 - 5.50%

USD/VND exchange rates went down toward year-end.

The local foreign exchange market cooled off in November and December 2023 thanks to rich dollar inflows along with the easing of DXY in international front.

Closing 2023, USD/VND exchange rate ended at 24,100 – 24,440 level, recording an increase of 2.99% compared with end-2022's level. Meanwhile, in terms of SBV's official rate, it was opened at 23,606 and up-adjusted during the year to close at 23,866. This indicated the floor and ceiling at 22,673 and 25,059 respectively, noting a rise of nearly 1.08% from last year-end.

MONEY MARKET

INFOGRAPHIC



VND Interest Levels as of 29/12/2023

O/N	1 Week	1 Month	3 Months
1.5-3.5%	1.5-3.5%	1.5-3.5%	2.5-4.5%

Primary Bond Market (01/01/2023 - 31/12/2023)
(Unit: VND Bio)

Term	Offer	Register	Wining	Yields	▲/▼ vs Last year-end
5Y	46,750	118,403	31,893	1.58%-3.70%	-
7Y	2,250	6,120	950	3.80%	-
10Y	136,000	399,002	118,937	2.20%-4.53%	▼0.12%-▼2.45%
15Y	156,500	411,355	132,153	2.40%-4.72%	▲0.08%-▼2.40%
20Y	5,000	8,599	2,049	2.75%-3.75%	▲0.0%-▲1.0%
30Y	18,000	43,981	12,494	3.0%-4.20%	▼0.01%-▲1.19%
Total	364,500	987,460	298,476		

Open Market Operation (01/01/2023 - 31/12/2023)
(Unit: VND Bio)

Types	Offer Amount	Term	Outstanding as of 31/12/2022
Reverse Repo	386,156	7-28 days	4,551
SBV's Bills	1,148,926	7-91 days	-

Sources: Refinitiv, SBV, Vietnam's Government

MARKET HIGHLIGHTS

The local money market drew a two-halves contrary picture in 2023 where H1 showed relatively turbulent and unstable while H2 witnessed a relatively peaceful status supported by ample market liquidity with relatively low interest rate levels.

Dong interest rates mostly fluctuated at high levels with unclear trend from the early year till the first half of May.

Heading to 2023, dong interest rates stayed at high levels in January due to seasonal demand before Tet-holidays. Specifically, overnight (O/N) and one-week (1W) interest rates edged up to 5.5-6.5% and 6.0-7.0% levels respectively. Besides, the one-month (1M) and three-month (3M) levels also maintained high at 6.0-8.0% and 6.5-8.5% by late January. After Tet, local money market kept fluctuating with unclear trend for a couple of months until mid-May. Specifically, short-term dong interest rates swung up and down in a wide range of 300-400 basis points from the lowest levels of 1.5-3.0% to the highest levels of 5.0-6.0% for short-date terms during the period. Meanwhile, interest rates for long tenors showed less volatile which moved in a range from 4.5-7.0 levels to 5.5-8.0% levels for 1M-3M terms. From the 2nd half of May, the market liquidity became stronger when it received funds injection through SBV's repayment of mature bills which SBV issued

Vietnam Financial Market Report

The Year 2023

MONEY MARKET

MARKET HIGHLIGHTS

Dong interest rates plummeted in Q3.

Market liquidity remained ample in Q4.

in February and early March for 3M tenor. Total pumped amount was around VND110 trillion. Besides, SBV adjusted down its policy interest rate to calm down market sentiment. As a result, interest rates dropped remarkably to fetch at the lowest levels of 0.5-1.5% and 0.8-1.8% for O/N and 1W respectively by end-June. Besides, interest rates for 1M and 3M edged down significantly to fetch at 3.0-5.0% and 3.8-5.8% levels.

Shifting to Q3, the local money market witnessed a further decline of VND interest rates in the inter-bank market thanks to abundant liquidity. In particular, O/N and 1W interest rates slid down by 30-40 bps to hit record low levels at 0.2-1.2% and 0.4-1.4% respectively and hovered around these rates during Q3. Besides, 1M and 3M levels went down to 2.0-4.0% and 3.0-5.0% levels respectively in September.

Meanwhile, in the global front, U.S Fed maintained interest rates steady at 5.25-5.50%. Under the circumstance of wide gap between dong and dollar interest rates, SBV restarted issuing short-term T-bills to withdraw spare fund out of market circulation after pausing this activity for 6 months. As a result, interest rates rebounded in late September to close Q3 at 0.3%-1.3% and 0.5%-1.5% levels for O/N and 1W respectively, and at 2.5-4.5% and 3.5-5.5% levels for 1M and 3M accordingly.

Moving to the final quarter, SBV kept issuing bills with 28-day terms to alleviate the surplus funding status in the banking system. The short-date interest rates, hence, edged up to the highest levels of 1.0-2.0% and 1.2-2.2% for O/N and 1W by end of October. Market corrected down from the 2nd week of November when market liquidity was surplus, backed by funds return via matured bills. VND interest rates stayed stably until the 3rd week of December before bouncing back on the final days of 2023 due temporary liquidity crunch arising from year-end settlement. O/N-1W interest rates ended 2023 at 1.5-3.5% levels. Meanwhile, the interest rates for 1M and 3M hovered at 1.5-3.5% and 2.5-4.5% respectively, down by 200-400bps from the end of 2022.

Vietnam Financial Market Report

The Year 2023

MONEY MARKET

MARKET HIGHLIGHTS

SBV adjusted down policy interest rates for 4 times in the first half but kept unchanged in the second half.

Credit growth by the end of 2023 was estimated at 13.5%

VST met approximately 75% of the issuance plan for government bond in 2023.

During 2023, in order to reduce interest rate levels in the economy and facilitate enterprises to access banks' loans at lower costs, SBV cut the policy interest rates for 4 times in the first half of 2023. Market even expected for further rate cut in the early July given the poor economic results in H1-2023. Nevertheless, in the rising interest environment across the world, SBV appeared to act cautiously and waited for outcome from previous policy rate adjustment decision, of which the effectiveness would be lagged by some months later. Instead, SBV sent solid messages, directing banks to reduce lending rates to support business. Below was the table of VND policy rate changes in 2023:

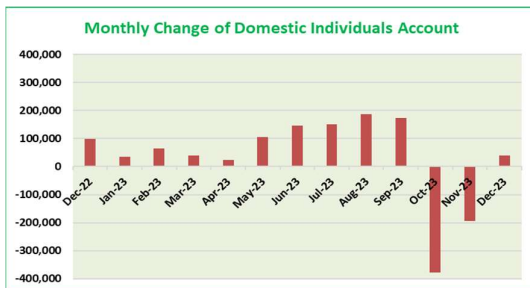
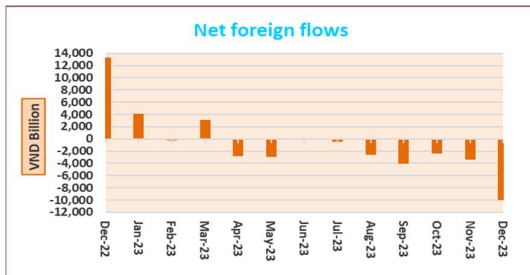
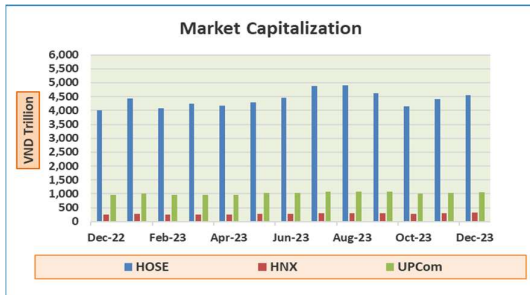
VND Policy Rates	Previous Levels	From 15-Mar-23	From 03-Apr-23	From 25-May-23	From 19-Jun-23
Interest Cap on "Demand Deposit & Deposit < 1 month"	1.0%	1.0%	0.5%	0.5%	0.5%
Interest Cap on "Deposit from 1 month to under 6 months"	6.0%	6.0%	5.5%	5.0%	4.75%
Ceiling rate of short-term loans for priority sectors	5.5%	5.0%	4.5%	4.5%	4.0%
Refinancing interest rate	6.0%	6.0%	5.5%	5.0%	4.5%
Discounting interest rate	4.5%	3.5%	3.5%	3.5%	3.0%

Besides, according to GSO, as of December 21, 2023, total means of payment increased by 10.03% year-on-year; capital mobilization from credit institutions increased by 10.85%. In addition, according to Deputy Governor Dao Minh Tu, lending expansion by the end of 2023 was estimated at 13.5% year-on-year.

In the primary bond market, Vietnam State Treasury (VST) totally raised VND298.5 trillion worth government bonds with various tenors from 5 years (5-y) to 30 years (30-y), reaching nearly 75% of the mobilization plan for year 2023 of VND400 trillion. The overall coverage ratio hit nearly 2.7 times which showed high interest from investors in bond investment. The overall winning ratio were quite encouraging at 82%. 10-y and 15-y were still major tenors which accounted for 84% of total issuance. Notably, the bond yields for 10-y and 15-y went down remarkably by up to 250 basis points compared with end-2022's levels. Meanwhile it was mostly unchanged for 20-y and 30-y tenors.

STOCK MARKET

INFOGRAPHIC



Sources: HOSE, HNX, SSC, VSD

MARKET HIGHLIGHTS

Vietnam stock market in 2023 demonstrated strong efforts to recover from a chaotic year of 2022. Closing the year, VN-Index stayed at 1,129.93 points, an increase of 12.2% while HNX-Index ended 231.04 levels, 12.5% increase compared to 2022. Let's have a closer look on the whole picture of local stock exchange in 2023.

Vietnam stock market experienced fluctuations in the first six months mainly due to the slowdown in global market, unsafe market sentiment and prolonged tight monetary policies. In the first quarter, stock market showed signals of recovery with VN-Index surpassing the 1,100-resistance zone within the first month. However, the market underwent corrections in subsequent sessions due to rising concerns towards global banking crises and moved sideways since the end of March. During the first quarter, the lack of positive information together with a high interest rate environment made the stock market less appealing to new investors, leading to a significant drop in the number of new accounts opening and the decline in market liquidity compared to the same period last year. VN-Index varied within the range of 1,040-1,080 levels during late March-May period, experiencing brief corrections primarily attributed to profit-taking demand. Nevertheless, the continuous reduction of interest rates in the local market since March encouraged the return of domestic capital to the stock market channel in the second quarter. Towards June, VN-Index re-surpassed resistance levels to peak H1 at 1,138.35 points on June 28th while HNX noted H1's peak at 231.91 points on June 22nd. The market liquidity also improved with data from SSC revealed the average trading value in June rebounding to VND16.9 trillion per session, increased 18.5% from 2022. Closing H1, VN-Index stayed at 1,120.18 level, marking an 11.2% gain from last year-end while HNX concluded at 227.32 points, reflecting a year-to-date increase of 10.7%.

Vietnam Financial Market Report

The Year 2023

STOCK MARKET

Stock market recovered in the third quarter of 2023.

Market witnessed the significant drop in number of domestic investor accounts in October and November.

Vietnam stock market witnessed a robust rally in Q3 before facing strong resistance and fluctuated in the last quarter. VN-Index recovered significantly in the third quarter, breaking the 1,200-resistance level in July and attained its peak for the year at 1,245.50 points on September 6th, marking 23.7% increase compared to the end of 2022. Market liquidity in Q3 showed notable improvement, with the average transaction value per session reaching VND 21.2 trillion, increasing by 56% in comparison with the same period last year, as reported by SSC.

However, moving to the last quarter, stock market faced strong downward adjustment pressure that made it suffer a period of corrections lasting till year-end. At the end of October, VN-Index reached 1,028.19 points, plummeting 10.9% compared to September. Notably, for the first time, data from Vietnam Securities Depository (VSD) indicated a monthly reduction in number of domestic individual accounts in October and November by 378,137 and 193,205 respectively. Fall from getting attention from domestic investors and continuous selling force from foreign investors pulled back the recovery momentum of stock market and made it hard to regain the upward trend. VN-Index ended 2023 at 1,129.93 points, noting an annual hike of 12.2% while HNX increased 12.5% to finish the year at 231.04 points.

Besides, there was a notable event of the year that Vin Fast's share was officially traded on the Nasdaq after completing a business combination with Black Spade Acquisition. Some notable M&A deals in 2023 also consisted of Sumitomo Mitsui Banking Corporation acquisition of a 15% stake in VP Bank for USD\$1.4 billion, ESR Group's purchase of stakes in BW Industrial for USD\$450 million, Thomson Medical Group buying FV Hospital for USD\$381 million and Bain Capital investing USD\$200 million in retailer Masan Group.

In addition, data from HOSE and HNX revealed the total stock market capitalization of HOSE, HNX and UPCOM by the end 2023 that expected to increase 13.6% from last year to VND5,937 trillion, accounting for more than 58% of the country's GDP.

BRANCHES' FORECAST



Ho Chi Minh Branch

✉ G/F Harbour View Tower
 35 Nguyen Hue Blvd., Dist. 1
 Ho Chi Minh City, Vietnam
 ☎ (84-8)3 821 4396 - 8



Hanoi Branch

✉ Unit 3, 3rd Floor, Int'l Centre
 17 Ngo Quyen, Hoan Kiem Dist.
 Hanoi, Vietnam
 ☎ (84-4)3 936 5903 - 8

VND is foreseen to fluctuate within $\pm 2\%$ against USD in 2024.

U.S. Fed's dovish pivot in the last meeting of 2023, indicating three rate cut totaling 75 bps in 2024, has sent positive signals to market participants and expectations for dollar devaluation. Loosening monetary policy from Fed and other major central banks would alleviate the pressure on Asean currencies including VND. Moreover, expectations for U.S.'s "soft landing" scenario together with promising global macro-outlook for the Dragon Year would favor Vietnam economic expansion and the country's export growth resuming. In addition, high number of 2023's FDI pledges might be translated into real capital inflows in 2024. Also, optimistic local equity market prospects could attract more foreign indirect investment. In this connection, foreign currency supply sources would be enriched, bringing VND to appreciate versus greenback. Nevertheless, global inflation and recession risks are still in need of careful watch. Concerns if the worst situation is over not or prolonging headwinds in 1H2024 as well as geopolitical tension in the Middle East would lift greenback first as the safe-haven asset. Besides, Fed's rate-cut path has been already priced or even over-priced by players, proven by the sharp DXY decline in late 2023 and CME Fed Watch tool indicating an amazing 150bps curtail in 2024. Hence, dollar value could rebound in case Fed does not act as desired. Furthermore, inter-bank "carry trade" activity with dollar holding would exist in the context of negative gap between VND and USD interest. Also, SBV keeps pursuing stable foreign exchange policy and avail any possible opportunities to absorb surplus dollar in the market to consolidate their foreign exchange reserves stance. The local currency, by that, is probably weakened against dollar in some periods during the year. All weighed, VND could breathe easier in 2024 and USDVND fluctuation would be moderate within $\pm 2\%$.

Dong interest rates would be kept at reasonable levels in 2024.

The National Assembly has targeted to control CPI at below 4.5% and GDP development at 6-6.5% in 2024. Proactively, SBV set credit growth by 15% right in the early 2024 to facilitate banks' lending activity expansion, boosting the domestic economy.

Vietnam Financial Market Report

The Year 2023

BRANCHES' FORECAST

Therefore, the easing monetary policy is expected to be kept and low interest environment would be maintained to help banks reduce loan rates for business provided that CPI is in check. Moreover, given Fed could embark on interest rate cut cycle next year, SBV might come to deliver another policy rate cut, probably in timing with Fed's move. Nonetheless, the space for further loosening policy is seemingly limited and SBV's policy rate cut if any is unlikely much since VND deposit rates and inter-bank market levels has already hit the low records. On the contrary, in case of credit robust, banks may have to up-lift their deposit rates to have sufficient funds, covering the loan side. Otherwise, funds might flow to other investment channels like real estate, stocks, bonds or gold for higher returns. In this context, VND interest rates are forecast to stay low in the early months of 2024 thanks to ample market liquidity and be maintained at reasonable levels in the final months of next year to balance funding demand and supply.

A low interest rate environment and supportive policies will be the main drivers for Vietnam's stock market recovery in 2024.

Given the stable economic foundation, the favorable low interest rate in both local and international environments in 2024 are expected to play as an important driving force for Vietnam's stock market to fasten up its recovery momentum with the return of capital flows. However, the stock market might experience some volatility before gradually moving in the bullish pattern. Other positive factors come from the government attempts to enhance corporate bond market liquidity, market reform initiatives to remove key hurdles in the progress of upgrading Vietnam towards Emerging Market such as implementing the new trading system - KRX (Korea Exchange) that removes pre-funding requirements. In addition, speeding up the progress to roll out non-voting depository receipts (NVDRs) might attract more foreign capital influx. Moreover, other driving forces from the economy such as FDI and export recovery will also play crucial roles in establishing a favorable environment for listed businesses to broaden their operations and enhance their revenues and earnings. With all factors considered, Vietnam stock market is expected to rally in the course of 2024.