Asia
Economics & Strategy

HSBC Global Research

Vietnam Monitor (Issue 17)

Greater VND stability, a peak in inflation and lower VGB yields seen

- **Economics**: Inflation should peak in September at around 29%. The debate on whether policy should be eased in Vietnam is somewhat redundant as lending rates have already been cut.
- **Equity Strategy**: After bouncing 47% off its low, the stock market will probably take a breather now. Valuations have got a bit stretched, at an historical PE of 15x.
- **Fixed Income Strategy**: VGB yields continue to decline on improving bank liquidity. Although further yield declines are possible, we do not recommend chasing the rally given negative real yields and a lack of FX hedging opportunities.
- **FX Strategy**: Better macro data and lower oil prices reinforce stability. Evidence of market-clearing within the trading band is also good news and may represent a significant development in exchange rate regime management.

3 September 2008

Pieter van der Schaft*
Asia Local Rates Strategist
The Hongkong and Shanghai Banking Corporation Limited
+852 2822 4277 pietervanderschaft@hsbc.com.hk

Garry Evans*
Equity Strategist
The Hongkong and Shanghai Banking Corporation Limited
+852 2996 6916 garryevans@hsbc.com.hk

Daniel Hui*
FX Strategist
The Hongkong and Shanghai Banking Corporation Limited
+852 2822 4340 danielpyhui@hsbc.com.hk

Prakriti Sofat*
Economist
The Hongkong and Shanghai Banking Corporation Limited, Singapore branch
+65 6230 2879 prakritisofat@hsbc.com.sg

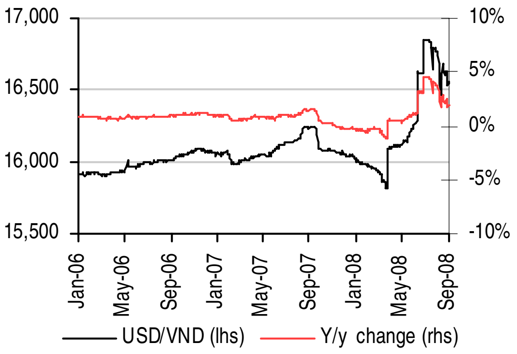
Virgil F Esguerra*
Asia Local Rates Strategist
The Hongkong and Shanghai Banking Corporation Limited
+852 2822 4665 virgilesguerra@hsbc.com.hk

View HSBC Global Research at: http://www.research.hsbc.com

*Employed by a non-US affiliate of HSBC Securities (USA) Inc, and is not registered/qualified pursuant to NYSE and/or NASD regulations

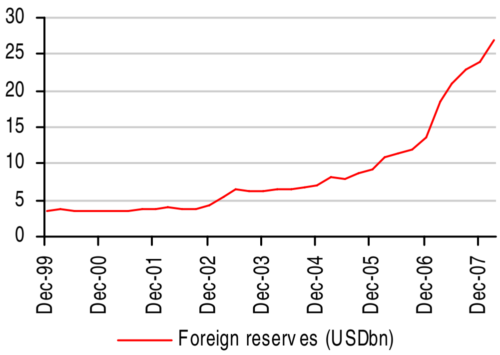
Issuer of report: The Hongkong and Shanghai Banking Corporation Limited

USD/VND



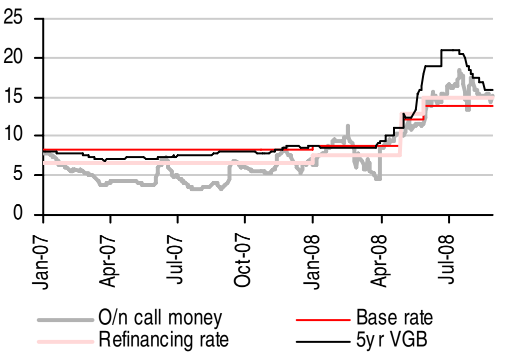
Source: Bloomberg

FX reserves



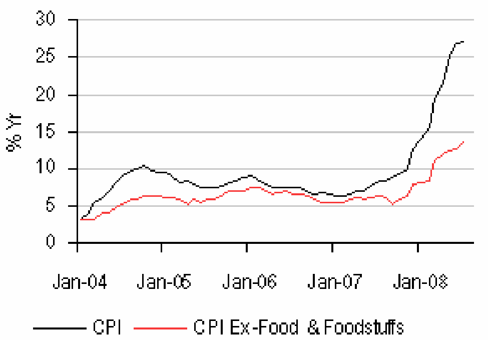
Source: CEIC, *HSBC estimate for 1Q08

O/n call money, benchmark policy rates and 5yr bond yields



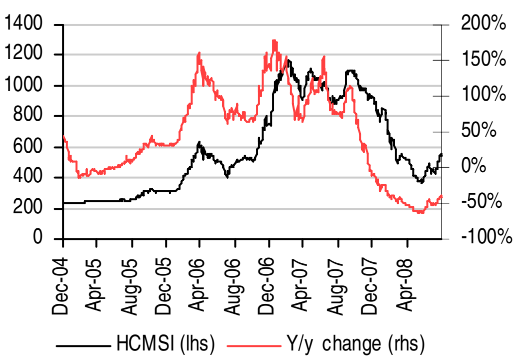
Source: Reuters, HSBC

Headline and ex-food CPI



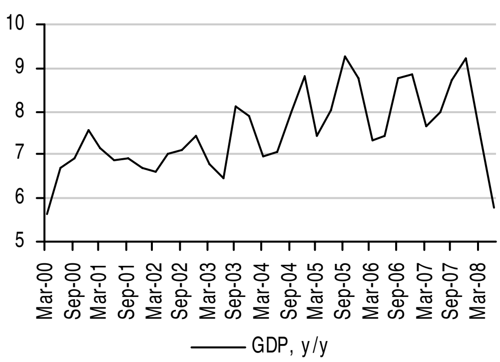
Source: CEIC, HSBC

HCMS Index



Source: Bloomberg

GDP growth



Source: CEIC

Economics

- Inflation should peak in September at around 29%
- Trade deficit has stabilised, though oil balance has flipped into deficit
- The debate on whether policy should be eased in Vietnam is somewhat redundant as lending rates have already been cut

Overview

Inflation touched a new high in August, boosted by the fuel price hike announced in July. Since then fuel prices have been cut by a cumulative 11% and rice prices have come down further. As such, we look for inflation to peak in September at around 29%, with our year-end target being 24%. Core inflation, however, is still accelerating.

The trade deficit has stabilised over the last three months at around USD800m. We thought it interesting to highlight two aspects of the trade deficit in this issue. First, domestic enterprises are the ones causing the trade deficit as foreign enterprises typically have a trade surplus; second, Vietnam's oil balance has flipped into deficit.

On the policy front there is much debate on whether Vietnam should ease policy and if yes, then when. In practice policy has been eased already, with lending rates having declined on moral suasion by the central bank.

Inflation

Fuel effects

Inflation in Vietnam accelerated to 28.3% y-o-y in August – yet another high – from 27% in July, with the numbers boosted by the 31% hike in fuel prices announced by Petrolimex on 21 July. Subsequently ,Petrolimex has cut petrol prices twice – by 5.3% effective from 14 August and again by 5.6% effective 27 August – with the most popular 92-octane gasoline currently selling at VND17,000[1] per litre. According to our calculations these price cuts should shave off roughly 0.4ppts from headline inflation in September.

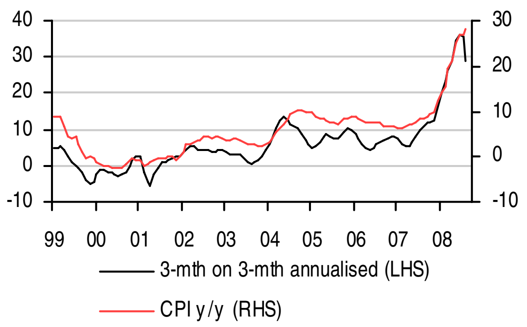
Month-on-month

The market tends to pay close attention to the month-on-month change in inflation, which was 1.56% in August compared with 1.1% previously. However, we prefer to look at our in-house seasonally adjusted inflation series which rose by 1.9% m-o-m, up from 1.3% in July and well north of the decade average of the 0.5%. As the monthly number would have been boosted by the fuel price hike, we look at the 3-month on 3-month annualised rise in the seasonally adjusted series to get a better handle on the underlying trend. This peaked in June at about 36% and is currently running at 29% – the slowest pace in four months. As shown in chart 1, the 3-month on 3-month annualised change of the seasonally adjusted

[1] This is however still 30% above the levels at the end of last year. Kerosene prices were also reduced by VND 1000 to VND 18000. Diesel prices however have been left unchanged at VND 15950.

series typically serves as a good lead indicator for year-on-year change in inflation.

1. Inflation close to peaking



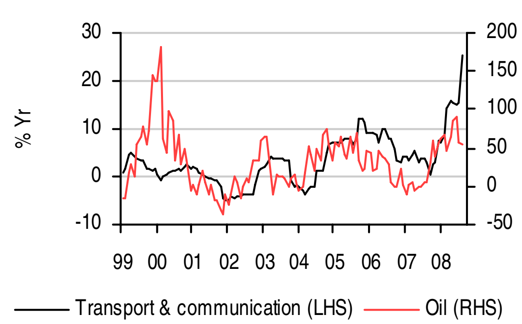
Source: CEIC, HSBC

This fits in well with our view that the peak in inflation is around the corner – we think September at around 29%. After that we expect inflation to come off with our year-end target being 24%, as the impact of softer demand and lower commodity prices comes through. Additionally, base effects also become increasingly favourable going forward.

Some details

As can be expected, the fuel price hike saw the transportation and communications sub-index[2] spike higher, jumping by 10ppts to nearly 26% y-o-y in August – comfortably the highest in over a decade. With fuel prices being cut by a cumulative 11% over the last two weeks, we expect the transportation index to come off somewhat next month.

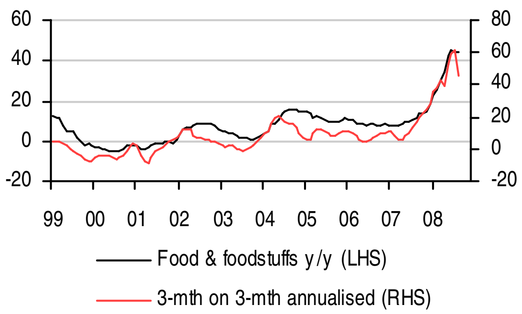
2. Transportation costs spiked higher



Source: CEIC, HSBC

Food and foodstuffs inflation decelerated for the second consecutive month, printing at 44.2% y-o-y from a peak of 45.6% y-o-y in June. With domestic rice prices taking a breather, we expect food and foodstuffs inflation to soften further. The 3-month on 3-month annualised change in the seasonally adjusted food and foodstuffs series also suggests a further down move.

3. Food and foodstuffs inflation: peaked?



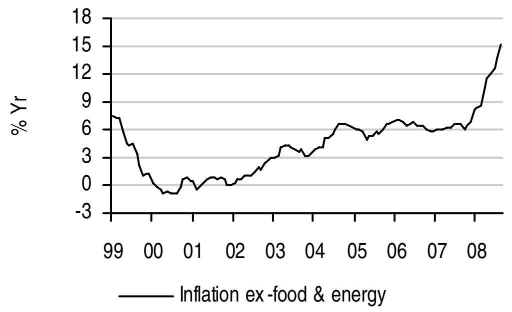
Source: CEIC, HSBC

Stubborn core

Core inflation, however, continues to accelerate, printing at a new high of 15.3% y-o-y in August, having started the year at 8.4%. Typically core inflation increases gradually and tends to be quite persistent. However, as can be seen in chart 4, core inflation has more than doubled from the levels seen at the end of 2007.

[2] As communication costs fell by 11% y-o-y in August, the entire up move is explained by the transportation component. Unfortunately the details for the transportation component are not available.

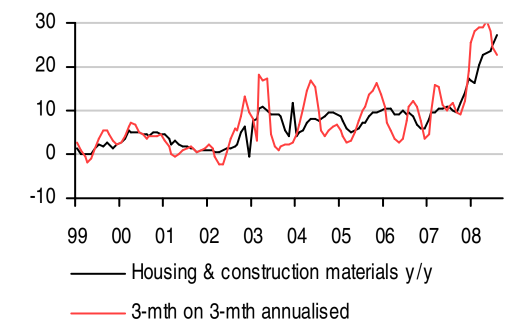
4. Core inflation still heading higher



Source: HSBC

Here the main culprit is the housing and construction materials sub-index, which has a weight of 10% in the CPI basket. This is currently running at just above 27% y-o-y compared with around 10% y-o-y in the third quarter of 2007. With the construction industry slowing dramatically, one can expect some tempering in housing costs. The 3-month on 3-month annualised change in the seasonally adjusted housing and construction materials series also suggests the same.

5. Housing and construction material costs to turn?

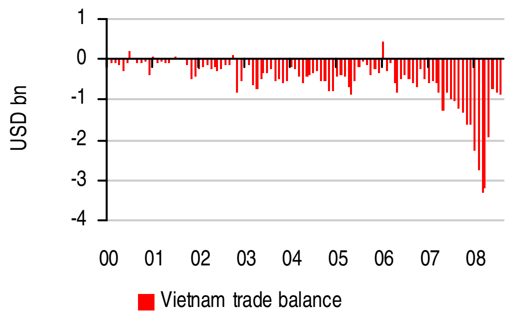


Source: CEIC, HSBC

Trade deficit

The trade deficit seems to have stabilised over the last three months, with an average of around USD0.8bn per month. Year-to-date the deficit stands at USD16bn as of August compared with USD6.6bn in the same period last year.

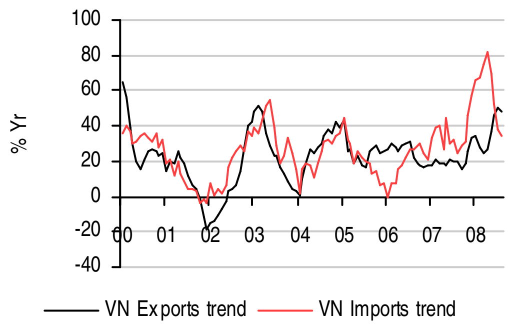
6. Trade deficit seems to have stabilised...



Source: CEIC, HSBC

As highlighted in the previous issue of the *Vietnam Monitor*, the recent stabilisation is largely a function of a collapse in import value growth, with accelerating export values also chipping in.

7. ...with import growth collapsing and exports holding up

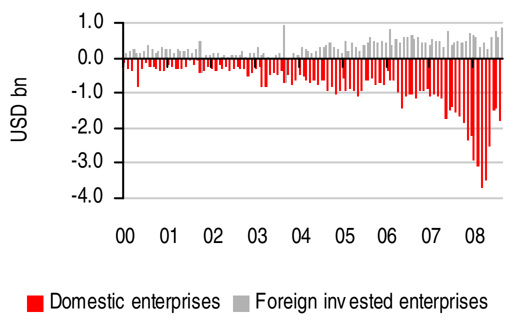


Source: HSBC

Sector breakdown

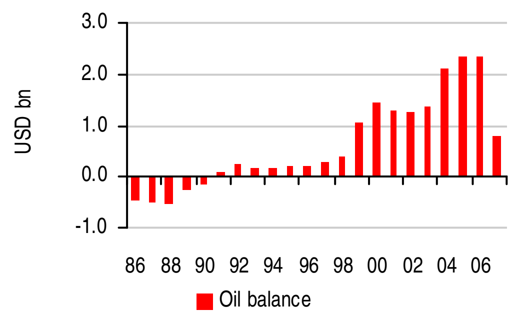
What is perhaps interesting and seldom talked about is the breakdown of the trade deficit between domestic enterprises and foreign invested enterprises. Chart 8 shows the split for data going back to 2000 on a monthly frequency. As can be seen, the domestic enterprises always have a trade deficit whilst the foreign invested enterprises always have a trade surplus. This probably partly reflects the differing efficiency levels of the two sectors – much remains to be done in terms of technology transfer and better supply chain management for domestic firms, not to mention leakage on account of corruption.

8. Trade deficit: sectoral breakdown



Source: Bloomberg, HSBC

9. Annual oil balance



Source: CEIC, HSBC

Needless to say, the overall trade deficit is being weighed down by the domestic enterprises with the foreign invested firms actually lessening the burden. Year-to-date, the domestic enterprises trade deficit stands at USD20.4bn – double the level for the same period last year. On the other hand, the trade surplus for the foreign invested enterprises stands at USD4.5bn y-t-d compared with USD3.9bn in the first eight months of 2007.

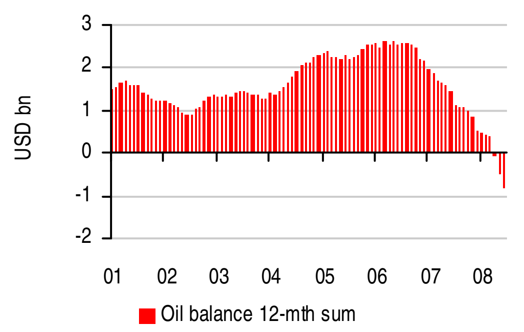
Oil balance

Given the importance of oil in Vietnam's trade account – crude oil makes up 20% of exports and refined oil products makes up 15% of imports[3] – we thought it worthwhile to highlight the developments on the oil balance front. But first some quick background – chart 9 shows the annual oil balance going back to 1986. As can be seen, since the beginning of the 1990s the oil balance has been positive, averaging 2.7% of GDP over the period.

However, in 2007 the balance shrank dramatically. A large part of this is explained by declining oil export volumes, though the high crude oil price did provide some off-set. Additionally, imports rose quite rapidly, consistent with the overheating economy, and as mentioned in the earlier section, the inefficiency of the domestic sector.

In the first eight months of 2008, crude oil exports have risen by an average 53% y-o-y – no doubt benefiting from the high crude oil price – compared with a fall of 11% y-o-y in the same period last year. Imports of refined petroleum have however increased by nearly 102% y-o-y on average versus 11% y-o-y in 2007. As monthly trade deficit numbers can be volatile, we look at the 12-month rolling sum of the oil balance as an indicator of underlying trend. As shown in chart 10, the oil balance has been on a declining trend since the beginning of 2007, flipping into a deficit in June 2008.

10. Oil balance on a declining trend



Source: CEIC, HSBC

[3] Vietnam currently does not have any refining capacity and needs to import its entire refined oil requirement.

Policy thoughts

The State Bank of Vietnam appears to be stuck between two government objectives: (1) to bring inflation down to single digits by the end of 2009 and (2) to support economic growth and help the government achieve its growth target of 7% for 2008.

Given these somewhat conflicting objectives, we are getting mixed signals from the central bank as well. On one hand, Governor Giau has made it very clear that compulsory reserves will not be lowered in a bid to clamp down on inflation. On the other hand, although the central bank has left the base rate unchanged at 14%, it has been encouraging banks to cut their lending rates to lessen the burden on businesses.

As highlighted in the last edition of the *Vietnam Monitor,* this moral suasion has seen most banks cut lending rates by 0.5-1ppt. So in some sense the debate on whether Vietnam should cut rates, and if yes, when, is redundant as the easing cycle on rates has already begun.

This has been followed by other SBV measures to reduce bank funding costs and improve liquidity (see the fixed-income section for further details), which has seen a number of banks announce further cuts in the lending rate. The Bank of Investment & Development of Vietnam (BIDV), the second largest lender by assets, said that it will cut lending interest rates by up to 0.8ppts to 18%.

As such BIDV will charge 20% to all customers for Dong loans down from 20.4%, while the lending rate to businesses dealing with oil products, steel, coal and cement would be 19% compared with 19.8% previously. For rice exporters such as Vinafood, BIDV will offer an 18% interest rate, down from 18.5%. Vietcombank has announced that it will cut lending interest rates by 1.525% per year across the board, with clients in essential sectors enjoying a 19.475% rate. Techcombank cut rates for the first time by 0.5-1ppts.

Separately, there is pressure on bank balance sheets, with a fair share of the banks seeing a rise in non-payment of loans. With economic growth expected to weaken further, the risk is that non-performing loans[4] will increase.

At the current time, according to SBV Deputy Governor Tran Minh Tuan, based on the principle of not allowing any bank to fall apart, the State Bank has been providing liquidity support to some of the weaker banks in the system. However, from next year onwards, the State Bank will allow market forces to work and poorly-performing institutions will have to be merged to create strength, suggesting that we may well get some consolidation in the banking industry. Additionally, central bank officials also voiced their opinion that it is time for Vietnam to review its capital adequacy requirement. Currently Vietnam follows Basle I (8% CAR) while the popular international standard now is 12%.

Prakriti Sofat

[4] We do not have bank-wide NPL data for Vietnam. However, our onshore sources tell us that official NPLs for state-owned commercial banks are around 5%. If one were to apply international standards, then they are more in the range of 10%.

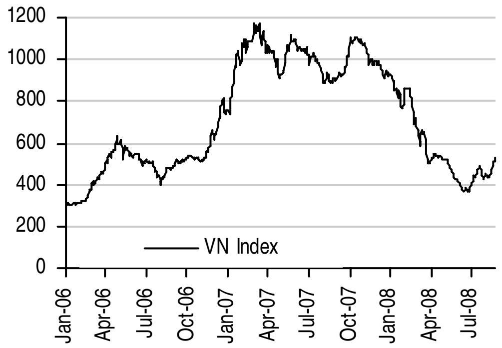
Equity strategy

- After bouncing 47% off its low, the stock market will probably take a breather now
- Valuations have got a bit stretched, with an historical PE of 15x
- The outlook for earnings is unclear, with H1 net profit falling y-o-y

No easy road ahead

The Vietnamese market has risen by 47% from its low on June 20. The main reason for the rebound was that investors began to feel that the government had finally began to take the tough measures necessary to kill inflation and tackle the growing structural problems with the economy. The rebound was driven almost entirely by a recovery in domestic investor sentiment; foreign investors have been steady buyers throughout the year (Chart 2), and indeed were net sellers on a number of days in August as they took profits after the rally.

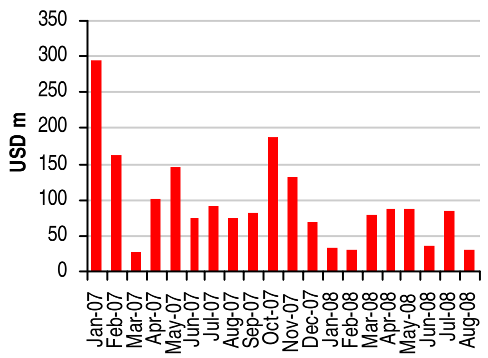
1. Vietnam stock index



Source: Bloomberg

The rally has allowed other data for the market to improve too. Turnover has recovered sharply, to average USD70m a day during August, compared to a low of less than USD20m a day during the worst of the slump in June. The size of the market has begun to expand again as well, with total market cap of the two exchanges back to USD19bn, compared to USD13bn a couple of months ago. There are now 14 stocks in what we would consider the foreigner investible universe (market cap of USD200m or higher, below foreign ownership limit) compared to 10 in July.

2. Foreign net buying of Vietnamese equities



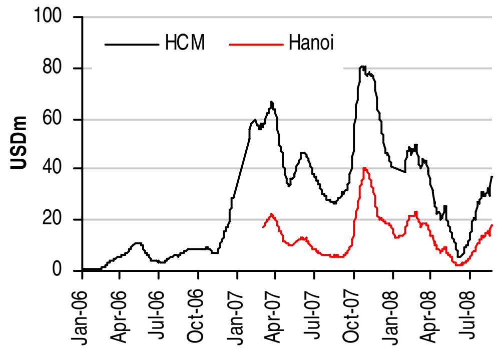
Source: Bloomberg (To Aug 21)

But the easy part has been done. Bargain-hunters have pulled the market up from its oversold position in June. The going for the market will get harder from now on.

For one, the government has to continue to show its commitment to prudent macroeconomic policies. The hasty move to cut fuel prices by 5%

in August after crude oil fell, and suggestions that the State Bank will be able to lower interest rates again within a few months question whether this is likely. Further postponements to the privatisation programme for large state-owned companies (the media reports that IPOs for blue-chips such as BIDV, Mobifone and Vietnam Airlines will not be attempted before next year, despite the stronger stock market) are also disappointing. Our view remains that a well-planned and cautiously-priced string of privatisation IPOs would stimulate the market rather than swamp demand.

3. Daily trading value on HCM and Hanoi exchanges (20DMA)

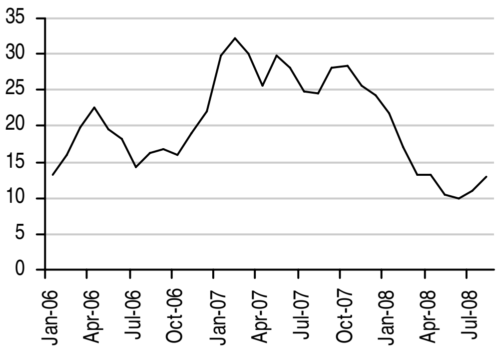


Source: Bloomberg

The second problem is that valuations have become somewhat stretched after the recent run-up in shares. The Ho Chi Minh market now trades on 15x last year's earnings. If we assume 10% growth for this year and next (we discuss below whether we are correct to do so), this amounts to a 12-month forward PE of 13.5x (Chart 4) – somewhat higher than other regional multiples currently (China H-shares are on 11.5x and MSCI Asia ex Japan on 11.6x).

Indeed, the foreign profit-taking recently (including the IFC selling 6.2% of its 7% holding in Asia Commercial Bank) probably reflects the fact that the market has got a little too expensive in the short term.

4. Estimated 12-month forward PE for VN Index



Source: HSBC

Polarised earnings

But the real level of valuation is very hard to calculate given uncertainties about the outlook for corporate earnings. First-half earnings, all of which have now been announced, were a very mixed bag. Overall, for the large-cap stocks in our universe (those shown in Table 5), sales rose by 64% and operating profit by 37%, but net profit declined by 15%. A number of companies took extraordinary write-offs to reflect the fall in the value of stock holdings in real estate.

As Table 5 shows, this is reflected in individual companies' results. Those with losses (such as Saigon Securities) or large profit falls generally took such extraordinary write-downs. However, quarterly earnings are not audited in Vietnam and many companies will chose not to write off book losses until the full-year results. This means that for the year as a whole, earnings for the market may decline sharply, perhaps by as much as 30-40%. Those, however, should be one-offs and, with underlying operating earnings continuing to grow robustly, net profit would be expected to rebound sharply next year.

HSBC

5. First half earnings growth y-o-y for large companies

Code	Company	H1	Basis
DPM	PETROVIETNAM FERT & CHEMICAL	97%	PBT
ACB	ASIA COMMERCIAL BANK	14%	PBT
VNM	VIET NAM DAIRY PRODUCTS JSC	21%	NP
HPG	HOA PHAT GROUP JSC	351%	NP
PVD	PETROVIETNAM DRILLING AND WE	134%	PBT
STB	SAIGON THUONG TIN COMMERCIAL	23%	PBT
VIC	VINCOM JSC	13%	PBT
KBC	KINHBAC CITY DEVELOPMENT SHA	n/a	
PPC	PHA LAI THERMAL POWER	4%	NP
VPL	VINPEARL JSC	-62%	PBT
FPT	CORP FOR FINANCING AND PROMO	25%	PBT
ITA	TAN TAO INDUSTRIAL PARK CORP	35%	NP
SSI	SAIGON SECURITIES INC	-170%	NP
PVS	PETROLEUM TECHNICAL SERVICES	n/a	
VSH	VINH SON - SONG HINH HYDROPO	151%	NP
KDC	KINHDO CORPORATION	-36%	
SJS	SONGDA URBAN & INDUSTRIAL ZO	-97%	NP
PVI	PETROVIETNAM INSURANCE JSC	30%	PBT
ANV	NAM VIET CORP	-19%	PBT

Source: Bloomberg

Hence we keep what we see as a fairly conservative assumption of 10% CAGR for 2008-9. But the lack of transparency in earnings could worry the market and make it hard for investors to judge whether Vietnamese stocks in general and individual companies in particular represent good value at the current level of stock prices.

Roller-coaster ride

In this environment, we think the market needs to pause for breath for a while. We continue to like the long-term fundamentals in Vietnam, and stick with a small non-benchmark recommended weight in our portfolio. But this will continue to be a market where investors should expect a roller-coaster ride and, after the sharp upswing of the past two months, a correction can not be ruled out for the next few weeks.

6. Key stock market data

	HCM	Hanoi	Total
Market cap (USDm)	14,296	4,538	18,833
No. of stocks	156	146	302
Stocks with mkt cap >USD1bn	2	1	3
Stocks with mkt cap >USD500m	10	2	12
Stocks with mkt cap >USD200m	15	4	19
Stocks that hit foreign limit	3	2	5
Daily turnover (USDm, 1mth ave)	37	18	55
Foreign ownership	26.6%	16.2%	24.1%
PE (2007) x	15.0	14.2	
ROE	22.9%	17.2%	22.8%

Source: HSBC, Bloomberg, HOSE

Garry Evans

7. Key valuation data for the largest listed Vietnamese stocks (market cap >USD200m)

Code	Name	Industry Subgroup	Exchange	Mkt cap (USDm)	Ave daily t/over (USDm)	Foreign ownership	Foreign limit	Room for foreign buying (USDm)	PE	Chg 3M
DPM	PETROVIETNAM FERT & CHEMICAL	Chemicals-Diversified	HCM	1,519	3.21	18%	49%	472	19.0	53%
ACB	ASIA COMMERCIAL BANK	Commer Banks Non-US	Hanoi	1,345	2.70	30%	30%	0	10.5	52%
VNM	VIET NAM DAIRY PRODUCTS JSC	Food-Dairy Products	HCM	1,235	0.78	46%	46%	2	20.9	3%
HPG	HOA PHAT GROUP JSC	Miscellaneous Manufactur	HCM	916	1.85	25%	49%	222	20.6	101%
PVD	PETROVIETNAM DRILLING AND WE	Oil-Field Services	HCM	915	0.93	30%	49%	172	31.4	48%
STB	SAIGON THUONG TIN COMMERCIAL	Commer Banks Non-US	HCM	897	2.52	30%	30%	0	10.4	29%
VIC	VINCOM JSC	Real Estate Oper/Develop	HCM	783	0.64	5%	49%	342	37.8	51%
KBC	KINHBAC CITY DEVELOPMENT SHA	Bldg-Residential/Commer	Hanoi	783	0.26	14%	49%	271	31.6	-18%
PPC	PHA LAI THERMAL POWER	Electric-Generation	HCM	719	0.50	18%	49%	226	14.5	17%
VPL	VINPEARL JSC	Travel Services	HCM	693	0.09	20%	49%	200	92.6	-2%
FPT	CORP FOR FINANCING AND PROMO	Telecommunication Equip	HCM	542	0.92	28%	49%	113	12.0	50%
ITA	TAN TAO INDUSTRIAL PARK CORP	Real Estate Oper/Develop	HCM	526	0.48	38%	49%	58	19.8	4%
SSI	SAIGON SECURITIES INC	Finance-Invest Bnkr/Brkr	HCM	414	1.18	49%	49%	0	6.1	42%
PVS	PETROLEUM TECHNICAL SERVICES	Transport-Services	Hanoi	325	1.00	8%	49%	132	16.9	80%
VSH	VINH SON - SONG HINH HYDROPO	Electric-Generation	HCM	319	0.23	25%	49%	75	19.4	35%
KDC	KINHDO CORPORATION	Food-Baking	HCM	253	0.25	41%	49%	21	13.7	-5%
SJS	SONGDA URBAN & INDUSTRIAL ZO	Building&Construct-Misc	HCM	247	0.32	32%	49%	41	11.3	49%
PVI	PETROVIETNAM INSURANCE JSC	Property/Casualty Ins	Hanoi	227	0.44	13%	49%	81	10.1	45%
ANV	NAM VIET CORP	Fisheries	HCM	203	0.16	22%	49%	56	9.2	-7%

Source: HSBC, Bloomberg, HOSE (Data as of Aug 21

Fixed income strategy

- VGB yields have declined further on improving bank liquidity, and notwithstanding modest SBV liquidity drains
- Further yield declines are possible on prospects for a near-term inflation peak, FX stability and a possible step-up in SBV easing
- However, whilst further yield downside is possible, we do not recommend chasing the rally given poor market liquidity, lack of FX hedging opportunities

Vietnam bond yields drifted lower during August, hitting a low of 16% for 2yr, 3yr Vietnam Government Bonds (VGBs) at the 29 August underwriting auction.

1. Overview of Vietnam bond yields

Bond	Tenor	25-Jun	28-Jul	3-Sep
Vietnam Government Bond	2yr	21%	20.0%	16.5%
	5yr	20.5%	17.0%	16.0%
	10yr	17%	16.5%	15.0%
Electricity Vietnam	10yr	22%	21.0%	20.0%
Development Bank of Vietnam (VDB)	5yr	22%	21.0%	17.5%
	10yr	17%	20.5%	15.5%
	15yr	18%	20.0%	15.0%
Bank for Investment & Development (BIDV)	10nc5	21%	18.0%	17.5%
	15nc10	22%	17.5%	17.0%
Vinashin	10yr	24%	21.0%	20.0%

Source: HSBC Vietnam

The main drivers of the rally have been:

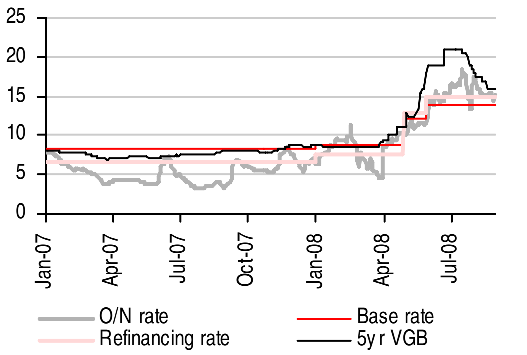
- A gradual easing of liquidity conditions in the banking system, which has spurred onshore demand for VGBs;
- SBV efforts to reduce bank deposit and lending rates;
- A pick-up in offshore demand for VGBs on the back of stabilising macro-fundamentals, e.g. narrowing monthly trade deficits, moderating m-o-m CPI rises, declining oil prices and a stabilisation in USD/VND;
- A resumption in VGB issuance by the Ministry of Finance, which has led to greater price discovery in VGBs and a tightening of bid-offer spreads.

As mentioned last month, bank liquidity conditions have eased as a result of bank lending coming to a near standstill, while deposit inflows into the banking system have improved following the stabilisation of the VND, deposit rate hikes, tight corporate liquidity and reports of rising foreign remittance inflows.

Moreover, the modest improvement in bank liquidity has also coincided with various official efforts to reduce bank funding costs rates and improve bank liquidity, notably:

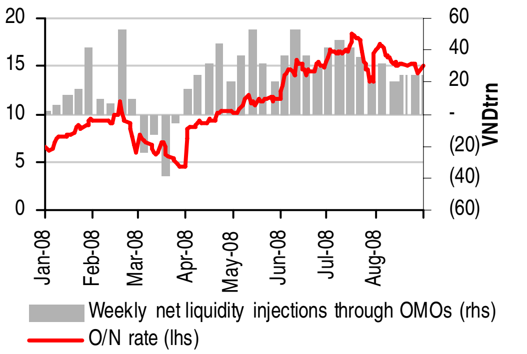
- A 5.2%-hike in the yield on VND23trn of SBV bills, which banks were compelled to purchase earlier this year from SBV;

2. 5yr VGB yield versus O/N rate and SBV base rate



Source: Reuters, HSBC

3. O/N rate and SBV OMO operations



Source: HSBC, Bloomberg

- A 2.4%-hike, effective September 1, to 3.6% of the rate that SBV pays on bank statutory liquidity reserve requirements, a measure that according to SBV is "aimed to support credit institutions in reducing lending interest rates and help businesses and borrowers to promote investment and production;"
- Moral suasion by the authorities on the State-Owned Commercial Banks (SOCB) to reduce deposit and lending rates, which has reportedly been backed up by SBV providing VND20trn of 3mth money at 15% to the four main SOCBs;

Separately, SBV has continued to provide liquidity support to some of the smaller and more vulnerable joint-stock private banks through Open Market Operations and a refinancing of their loan portfolios.

In turn, SOCBs have been able to reduce their time deposits to 17-18% and lending rates (by 1-1.5% to 18-19.5 %) notwithstanding a modest reduction in the size of SBV's Open Market Operations since July (see chart 3)[5], while the O/N rate has fallen to 15%.

However, given the significant amount of floating rate bank loans subject to re-pricing during H208 and with the smaller joint-stock private banks still suffering from tight liquidity, there is more limited scope for banks to lower interest rates on bank loans, which have been largely unprofitable over the past few months.

This, in our opinion, forms the main reason why SBV has kept its base rate on hold (which is mainly administrative in nature) during September, although market expectations are that it will try to reduce the base rate by 50bp during October on any moderation in CPI[6].

Implications for the Vietnam Bond Market

The recent decline in VGB yields has primarily been driven by the fall in the O/N rate to 15% and the stability in USD/VND, which has attracted

[5] *Since early July, when SBV Open Market Operations hit a peak of VND47trn, net liquidity injections (excluding SBV's discount window and other special refinancing operations to banks subject to prudential oversight, which approximately total another VND30trn) declined by VND23trn to VND24trn at end-August, which is offset by the provision of VND20trn in 3mth money to SOCBs.*

[6] *According to an official with the Ministry of Industry and Trade, CPI could rise by approx. 1% mo-m in September, which would equate to a 28.9% headline rate versus 28.3% y-o-y in August.*

offshore demand for yield pick-up. Going forward, a modest further softening of the O/N rate is expected in September as a result of VND7.5trn in Tbill redemptions and another VND1.9trn of VGB/VDB redemptions. This may – as mentioned previously – be followed by a 50bp SBV base rate cut in October.

In addition, risks remain that the authorities may feel compelled to further expand their liquidity injections in order to promote economic growth and if a re-pricing of bank lending rates leads to a wave of loan delinquencies and NPLs. With time deposit rates at 17-18% on average (equivalent to all-in deposit funding costs of 18.75-20%) and bank lending rates around 19-21%, Vietnamese banks currently still face severe margin pressures, while still having limited scope to lower their lending rates further.

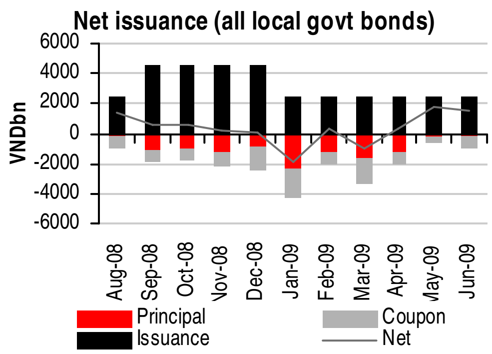
Moreover, even in the absence of sizeable liquidity infusions to kick start bank lending again, SBV's policy to keep the weaker players in the banking system afloat through loan refinancing also suggests that SBV will be providing more liquidity.

Prospects for a further increase in liquidity injections and a gradual softening of the O/N rate point to continued onshore demand for VGBs during September and a further decline in VGB yields. This will be mainly reflected in a further decline in VGB auction target yields as secondary market liquidity remains poor.

Given tight corporate liquidity conditions, increased SBV liquidity injections may not spill over into VND weakness, especially as our FX strategists are pointing to an improving BoP outlook and signs of demand-supply equilibrium in the USD/VND market. Moreover, our economist expects headline inflation to decline towards 24% by year-end after peaking around 29% y-o-y in September.

Such a rally will unlikely be derailed by the resumption of VGB issuance by the Ministry of Finance as only VND8-10trn of residual VGB issuance and VND10trn of VDB issuance is expected until year end. Net of coupon payments and redemptions, this would equate to only VND1.5trn in net issuance until year end.

4. VGB, VDB issuance, redemption prospects



Source: HSBC, Bloomberg

That said, while a further decline in VGB yields and the VND appreciation trend expected by our FX strategists would offer positive returns to offshore holders of VGBs, we do not recommend chasing the rally and may advise scaling back exposure on any decline in VGB yields to around 12-13% - though VGB yields may conceivably decline back to the 7% levels prevailing in 2007 sometime in 2009.

In this respect, the following should be considered:

- Headline inflation – even assuming positive base effects – may only decline to around 11% y-o-y by end-2009;
- Given poor secondary market liquidity, investments in VGBs should be considered as a multi-year buy-and-hold investment. In this respect, it should be noted that – notwithstanding our FX strategists view for VND appreciation near-term – the USD/VND exchange rate has historically adjusted for

inflation differentials, even if strong productivity growth needs to be taking into account now. From this perspective, current negative real VGB yields do not offer much compensation to offshore investors, also as the USD/VND NDF curve does not provide any FX-hedging opportunities (providing positive carry) at present – contrary to, for example, Indonesia.

Pieter van der Schaft

FX strategy

- Better macro data and lower oil prices reinforce stability
- Evidence of market-clearing within the trading band is also good news…
- … and may represent a significant development in exchange rate regime management

Stability in the FX market is becoming entrenched. Recent disclosures reveal that the balance of payments has remained fundamentally healthy. We believe that the likelihood of a renewed flare-up in the domestic economy is diminishing, and that this period of stability will eventually lead to trend appreciation of the VND in the SBV's mid-point fixings.

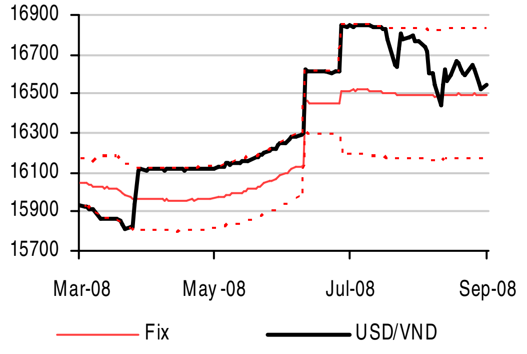
Stability becoming entrenched

A third monthly macro data release showing continued consolidation in the trade deficit and inflation is reinforcing a view that the domestic economy has stabilised.

Certainly, a repeat episode of 2Q's dislocations due to overheating fears are increasingly unlikely, given our expectations of lower growth and favourable base effects lowering inflation in the coming months (see macro section), as well as the benefit from the recently announced cut in petrol prices. In fact, we believe markets would not be uncomfortable even with some modest easing, though this is not our core forecast.

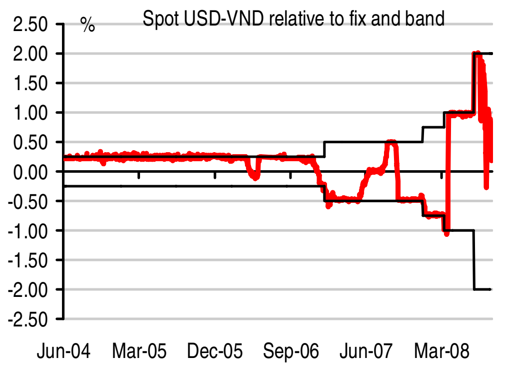
The recent upgrade of the SBV ministry-level status, while it does not grant the SBV any more legal autonomy, does reflect the government's support and confidence in the SBV's recent efforts to stabilise the macro economy. This should also ensure a more rapid response to potential domestic flare-ups down the track.

Chart 1: USD-VND clearing in the middle of the band...



Source: HSBC, Bloomberg, Reuters

Chart 2:... rather than being limited by its extremities



Source: HSBC, Bloomberg, Reuters

Table 1: Balance of Payments flows (USDbn)

	2006	2007	1Q08	2Q08	3Q08
Current Account	**-0.2**	**-7.0**	**-5.3**	**--**	**--**
Trade Balance	-2.8	-10.4	-7.1	-4.9	-2.1
Remittances	4.0	6.4	2.6	2.4	--
Other invisibles	-1.4	-3.0	-0.8	--	--
Capital account	**3.1**	**17.5**	**6.8**	**--**	**--**
FDI dispersed	2.3	6.6	1.5	3.5	3.0
(FDI committed)	*7.6*	*17.9*	*5.2*	*24.5*	*24.9*
Other capital flows	0.8	10.9	5.3	--	--
Errors and Omissions	1.4	-0.4	1.5	--	--
Accumulated Reserves	4.3	10.2	3.0	--	--

Notes: 3Q08 projected based on July-August numbers; 2Q08 remittances based on mid-year disclosures, 2Q-3Q08 FDI based on Aug08 YTD disclosure, disclosed estimated August value, and assumed similar July value
Source: Ministry of Finance, CEIC, Officials quoted in local press, http://www.thanhniennews.com/business/?catid=2&newsid=41567, http://vietnamnews.vnagency.com.vn/showarticle.php?num=01BAN020808.

In addition to a better-looking domestic picture, the decline in global commodity prices is reinforcing stability in flows. When oil prices were spiking, the key focus was on inflation risks, central bank responses, and real rates of return. A reversal in the trend in global commodity prices, particularly oil prices, has shifted the focus back to nominal yields. Especially with a more stabile domestic economy, Vietnam's very high yields, relative to its peers in the region, have once again become compelling (also see Fixed Income section). However, this also means that a renewed surge in commodity prices could be a threat to stability.

Meanwhile, fears from systemic risks in the banking system have also eased somewhat, given rising deposits and improving liquidity. The upcoming fall in inflation will make real interest rates even more attractive, reinforcing this improvement. The SBV's increase last week of its overdraft window rate reinforces this suggestion that banking system concerns have eased somewhat.

Together with seemingly improved regime management, the FX market has become more stable and functional than it has been at least the past 12 months.

Market clearing implies a better balance of flows…

In the past month, spot USD-VND has traded with increasing day-to-day volatility well inside the confines of the trading-band (see Chart 1).

The implication is that the FX market is now clearing at a market-determined equilibrium rate, following a 2Q characterised by volatility and one-sidedness in the market. Certainly the consolidation in the trade deficit suggests that net importer demand for USD-VND has declined to a more modest level than before. Recent BoP data also show that remittances remained surprisingly robust (Table 1). FDI commitments also remain at phenomenal levels – annualised 1H08 commitments equal to 100% of GDP for example – and resumed macro stability will help insure that these commitments are followed with actual flow. This, together with a resumption of portfolio flows, should ensure the current account deficit is well funded.

… and hint at a normalising FX regime

This recent USD-VND price action is a significant development and departure from a hitherto established norm where USD-VND persistently traded on either extremity of the trading band (see Chart 2) – a situation which we had in the past judged tantamount to FX management through price-controls. In addition to a better balance of flows, this normalisation of the FX market is also enabled by a trading band, which at 4%, is now much wider than the 0.5% seen at the end of 2006.

Besides no longer acting as an explicit USD-VND price-setter, SBV is also no longer directly managing flows. No longer the USD supplier of last resort, SBV's earlier moves to ration USD to specific buyers (restricting supply to essential importers, for example) have effectively ceased.

Certainly, should FX market conditions again deteriorate, we would not be surprised if the SBV reasserts its interventionist role. However, for the time being, regime management has become much more market oriented, and this should be seen as an important positive step in Vietnam's FX market development.

Daniel Hui

Disclosure appendix

Analyst certification

The following analyst(s), who is(are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security(ies) or issuer(s) and any other views or forecasts expressed herein accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Pieter Van Der Schaft, Garry Evans, Prakriti Sofat, Daniel Hui and Virgil Esguerra

Important disclosures

Stock ratings and basis for financial analysis

HSBC believes that investors utilise various disciplines and investment horizons when making investment decisions, which depend largely on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations. Given these differences, HSBC has two principal aims in its equity research: 1) to identify long-term investment opportunities based on particular themes or ideas that may affect the future earnings or cash flows of companies on a 12 month time horizon; and 2) from time to time to identify short-term investment opportunities that are derived from fundamental, quantitative, technical or event-driven techniques on a 0-3 month time horizon and which may differ from our long-term investment rating. HSBC has assigned ratings for its long-term investment opportunities as described below.

This report addresses only the long-term investment opportunities of the companies referred to in the report. As and when HSBC publishes a short-term trading idea the stocks to which these relate are identified on the website at www.hsbcnet.com/research. Details of these short-term investment opportunities can be found under the Reports section of this website.

HSBC believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings and other considerations. Different securities firms use a variety of ratings terms as well as different rating systems to describe their recommendations. Investors should carefully read the definitions of the ratings used in each research report. In addition, because research reports contain more complete information concerning the analysts' views, investors should carefully read the entire research report and should not infer its contents from the rating. In any case, ratings should not be used or relied on in isolation as investment advice.

Rating definitions for long-term investment opportunities

Stock ratings

HSBC assigns ratings to its stocks in this sector on the following basis:

For each stock we set a required rate of return calculated from the risk free rate for that stock's domestic, or as appropriate, regional market and the relevant equity risk premium established by our strategy team. The price target for a stock represents the value the analyst expects the stock to reach over our performance horizon. The performance horizon is 12 months. For a stock to be classified as Overweight, the implied return must exceed the required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock must be expected to underperform its required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands are classified as Neutral.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation of coverage, change of volatility status or change in price target). Notwithstanding this, and although ratings are subject to ongoing management review, expected returns will be permitted to move outside the bands as a result of normal share price fluctuations without necessarily triggering a rating change.

*A stock will be classified as volatile if its historical volatility has exceeded 40%, if the stock has been listed for less than 12 months (unless it is in an industry or sector where volatility is low) or if the analyst expects significant volatility. However, stocks which we do not consider volatile may in fact also behave in such a way. Historical volatility is defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility has to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Prior to this, from 7 June 2005 HSBC applied a ratings structure which ranked the stocks according to their notional target price vs current market price and then categorised (approximately) the top 40% as Overweight, the next 40% as Neutral and the last 20% as Underweight. The performance horizon is 2 years. The notional target price was defined as the mid-point of the analysts' valuation for a stock.

From 15 November 2004 to 7 June 2005, HSBC carried no ratings and concentrated on long-term thematic reports which identified themes and trends in industries, but did not make a conclusion as to the investment action that potential investors should take.

Prior to 15 November 2004, HSBC's ratings system was based upon a two-stage recommendation structure: a combination of the analysts' view on the stock relative to its sector and the sector call relative to the market, together giving a view on the stock relative to the market. The sector call was the responsibility of the strategy team, set in co-operation with the analysts. For other companies, HSBC showed a recommendation relative to the market. The performance horizon was 6-12 months. The target price was the level the stock should have traded at if the market accepted the analysts' view of the stock.

Rating distribution for long-term investment opportunities

As of 03 September 2008, the distribution of all ratings published is as follows:

Overweight (Buy)	54%	(19% of these provided with Investment Banking Services)
Neutral (Hold)	32%	(17% of these provided with Investment Banking Services)
Underweight (Sell)	14%	(7% of these provided with Investment Banking Services)

Analysts are paid in part by reference to the profitability of HSBC which includes investment banking revenues.

For disclosures in respect of any company, please see the most recently published report on that company available at www.hsbcnet.com/research.

** HSBC Legal Entities are listed in the Disclaimer below.*

Additional disclosures

1 This report is dated as at 3 September 2008.
2 All market data included in this report are dated as at close 2 September 2008, unless otherwise indicated in the report.
3 HSBC has procedures in place to identify and manage any potential conflicts of interest that arise in connection with its Research business. HSBC's analysts and its other staff who are involved in the preparation and dissemination of Research operate and have a management reporting line independent of HSBC's Investment Banking business. Chinese Wall procedures are in place between the Investment Banking and Research businesses to ensure that any confidential and/or price sensitive information is handled in an appropriate manner.

Disclaimer

** Legal entities as at 22 August 2007*
'UAE' HSBC Bank Middle East Limited, Dubai; 'HK' The Hongkong and Shanghai Banking Corporation Limited, Hong Kong; 'TW' HSBC Securities (Taiwan) Corporation Limited; 'CA' HSBC Securities (Canada) Inc, Toronto; HSBC Bank, Paris branch; HSBC France; 'DE' HSBC Trinkaus & Burkhardt AG, Dusseldorf; 000 HSBC Bank (RR), Moscow; 'IN' HSBC Securities and Capital Markets (India) Private Limited, Mumbai; 'JP' HSBC Securities (Japan) Limited, Tokyo; 'EG' HSBC Securities Egypt S.A.E., Cairo; 'CN' HSBC Investment Bank Asia Limited, Beijing Representative Office; The Hongkong and Shanghai Banking Corporation Limited, Singapore branch; The Hongkong and Shanghai Banking Corporation Limited, Seoul Securities Branch; HSBC Securities (South Africa) (Pty) Ltd, Johannesburg; 'GR' HSBC Pantelakis Securities S.A., Athens; HSBC Bank plc, London, Madrid, Milan, Stockholm, Tel Aviv, 'US' HSBC Securities (USA) Inc, New York; HSBC Yatirim Menkul Degerler A.S., Istanbul; HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, HSBC Bank Brasil S.A. - Banco Múltiplo.

Issuer of report
The Hongkong and Shanghai Banking Corporation Limited
Level 19, 1 Queen's Road Central
Hong Kong SAR
Telephone: +852 2843 9111
Telex: 75100 CAPEL HX
Fax: +852 2801 4138
Website: www.research.hsbc.com

The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) has issued this research material. The Hongkong and Shanghai Banking Corporation Limited is regulated by the Hong Kong Monetary Authority. This material is distributed in the United Kingdom by HSBC Bank plc, and in Australia by HSBC Bank plc – Sydney Branch (ABN 98 067 329 015) and HSBC Bank Australia Limited (ABN 48 006 434 162) for the general information of its “wholesale” customers (as defined in the Corporations Act 2001). It makes no representations that the products or services mentioned in this document are available to persons in Australia or are necessarily suitable for any particular person or appropriate in accordance with local laws. This material is distributed in Japan by HSBC Securities (Japan) Limited. This material may be distributed in the United States solely to "major US institutional investors" (as defined in Rule 15a-6 of the US Securities Exchange Act of 1934); such recipients should note that any transactions effected on their behalf will be undertaken through HSBC Securities (USA) Inc. in the United States. Note, however, that HSBC Securities (USA) Inc. is not distributing this report, has not contributed to or participated in its preparation, and does not take responsibility for its contents. In Singapore, this publication is distributed by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch for the general information of institutional investors or other persons specified in Sections 274 and 304 of the Securities and Futures Act (Chapter 289) (“SFA”) and accredited investors and other persons in accordance with the conditions specified in Sections 275 and 305 of the SFA. This publication is not a prospectus as defined in the SFA. It may not be further distributed in whole or in part for any purpose. The Hongkong and Shanghai Banking Corporation Limited Singapore Branch is regulated by the Monetary Authority of Singapore. In the UK this material may only be distributed to institutional and professional customers and is not intended for private customers. It is not to be distributed or passed on, directly or indirectly, to any other person. HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC is authorized and regulated by Secretaría de Hacienda y Crédito Público and Comisión Nacional Bancaria y de Valores (CNBV). HSBC Bank (Panama) S.A. is regulated by Superintendencia de Bancos de Panama. Banco HSBC Honduras S.A. is regulated by Comisión Nacional de Bancos y Seguros (CNBS). Banco HSBC Salvadoreño, S.A. is regulated by Superintendencia del Sistema Financiero (SSF). HSBC Colombia S.A. is regulated by Superintendencia Financiera de Colombia. Banco HSBC Costa Rica S.A. is supervised by Superintendencia General de Entidades Financieras (SUGEF). Banistmo Nicaragua, S.A. is authorized and regulated by Superintendencia de Bancos y de Otras Instituciones Financieras (SIBOIF).

Any recommendations contained in it are intended for the professional investors to whom it is distributed. This material is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. HSBC has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; HSBC makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of HSBC only and are subject to change without notice. The decision and responsibility on whether or not to invest must be taken by the reader. HSBC and its affiliates and/or their officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). HSBC and its affiliates may act as market maker or have assumed an underwriting commitment in the securities of any companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform banking or underwriting services for or relating to those companies. This material may not be further distributed in whole or in part for any purpose. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient. (070905)

GEMs Research Team

Multi-asset

Global

Philip Poole
Global Head of Emerging Markets Research
+44 20 7991 5641 philip.poole@hsbcib.com

Wietse Nijenhuis
+44 20 7992 3680 wietse.nijenhuis@hsbcib.com

Economics

Latin America

Javier Finkman
+54 11 4344 8144 javier.finkman@hsbc.com.ar

Ramiro D Blazquez
+54 11 4348 5759 ramiro.blazquez@hsbc.com.ar

Jonathan Heath
+52 55 5721 2176 jonathan.heath@hsbc.com.mx

Juan Pedro Trevino-Gutierrez
+52 55 5721 2179 juan.trevino@hsbc.com.mx

Lorena Dominguez-Torres
+52 55 5721 2172 lorena.dominguez@hsbc.com.mx

Asia

Qu Hongbin
+852 2822 2025 hongbinqu@hsbc.com.hk

Frederic Neumann
+852 2822 4556 fredericneumann@hsbc.com.hk

Robert Prior-Wandesforde
+65 6239 0840 robert.prior-wandesforde@hsbc.com.sg

Christopher Wong
+852 2996 6917 christopherwong@hsbc.com.hk

Janus Chan
+852 2996 6975 januschan@hsbc.com.hk

CEMEA

Juliet Sampson
+44 20 7991 5651 juliet.sampson@hsbcib.com

Alexander Morozov
+7 49 5721 1577 alexander.morozov@hsbc.com

Murat Ulgen
+90 21 2366 1625 murat.ulgen@hsbc.com.tr

Simon Williams
+971 4507 7614 simon.williams@hsbc.com

John Lomax
Head of Equity Strategy, GEMs
+44 20 7992 3712 john.lomax@hsbcib.com

Credit

Dilip Shahani
+852 2822 4520 dilipshahani@hsbc.com.hk

Becky Liu
+852 2822 4392 beckyjliu@hsbc.com.hk

Devendran Mahendran
+852 2822 4521 devendran@hsbc.com.hk

Zhiming Zhang
+852 2822 4523 zhimingzhang@hsbc.com.hk

Olga Fedatova
+44 20 7992 3707 olga.fedotova@hsbcib.com

Julia Kovach
+44 20 7992 3706 julia.kovach@hsbcib.com

Chavan Bhogaita
+971 4507 7695 chavanbhogaita@hsbc.com

Keerthi Angammana
Credit Strategy
+44 20 79915431 keerthisri.angammana@hsbcib.com

United Arab Emirates

Chavan Bhogaita
Head of Credit Research
+971 450 77695 chavanbhogaita@hsbc.com

Currency

Clyde Wardle
+1 212 525 3345 clyde.wardle@us.hsbc.com

Richard Yetsenga
+852 2996 6565 richard.yetsenga@hsbc.com.hk

Daniel Hui
+852 2822 4340 danielpyhui@hsbc.com.hk

Perry Kojodjojo
+852 2996 6568 perrykojodjojo@hsbc.com.hk

Marjorie Hernandez
+1 212 525 4109 marjorie.hernandez@us.hsbc.com

Fixed Income

Pieter Van Der Schaft
+852 2822 4277 pietervanderschaft@hsbc.com.hk

Virgil Esguerra
+852 2822 4665 virgilesguerra@hsbc.com.hk

Alejandro Mártinez-Cruz
Debt Markets
+52 55 5721 2380 alejandro.martinezcr@hsbc.com.mx

Hernan M Yellati
Debt Markets
+1 212 525 6787 hernan.m.yellati@us.hsbc.com

Equity

CEMEA

Europe

Will Manuel
Head of CEMEA Company Research
+44 20 7992 3602 will.manuel@hsbcib.com

Maciej Baranski
+44 20 7991 6782 maciej.baranski@hsbcib.com

Anisa Redman
+44 20 7991 6822 anisa.redman@hsbcib.com

Herve Drouet
+44 20 7991 6827 herve.drouet@hsbcib.com

Sergey Fedoseev
+44 20 7991 6831 sergey.fedoseev@hsbcib.com

Veronika Lyssogorskaya
+44 20 7992 3684 veronika.lyssogorskaya@hsbcib.com

Turkey

Cenk Orcan
Co-Head of Turkey Equity Research
+90 212 376 4614 cenkorcan@hsbc.com.tr

Bulent Yurdagul
Co-Head of Turkey Equity Research
+90 212 376 4612 bulentyurdagul@hsbc.com.tr

Levent Bayar
+90 212 376 4617 leventbayar@hsbc.com.tr

Tamer Sengun
+90 212 376 4615 tamersengun@hsbc.com.tr

Pinar Ceritoglu
+90 212 376 4613 pinarceritoglu@hsbc.com.tr

Erol Hullu
+90 212 376 4616 erolhullu@hsbc.com.tr

Cagan Orsun
+90 212 376 46 20 caganorsun@hsbc.com.tr

Israel

Avshalom Shimei
+972 3 710 1197 avshalomshimei@hsbc.com

Yonah Weisz
+972 3 710 1198 yonahweisz@hsbc.com

United Arab Emirates

Kunal Bajaj
+971 4 507 7458 kunalbajaj@hsbc.com

Majed Azzam
+971 4 507 7380 majed.a.azzam@hsbc.co

GEMs Research Team *(continued)*

Equity CEMEA *(continued)*

Egypt

Alia El Mehelmy
+20 27 396 441 aliaelmehelmy@hsbc.com

Wael Orban
+202 27 396 462 waelorban@hsbc.com

Ahmed Hafez Saad
+202 27 396 469 ahmedhafezsaad@hsbc.com

Asia

Real Estate

Herald van der Linde
+852 2996 6575 heraldvanderlinde@hsbc.com.hk

Ashutosh Narkar
+91 22 3023 1474 ashutoshnarkar@hsbc.co.in

Michelle Kwok
+852 2996 6918 michellekwok@hsbc.com.hk

Banks

Todd Dunivant
Head of Banks, Asia-Pacific
+852 2996 6599 tdunivant@hsbc.com.hk

York Pun
+852 2822 4396 yorkkypun@hsbc.com.hk

Saumya Agarwal
+91 22 2268 1235 saumyaagarwal@hsbc.co.in

Kathy Park
+82 2 3706 8755 kathypark@kr.hsbc.com

Shary Wu
+852 2996 6585 sharywu@hsbc.com.hk

Katherine Lei
+852 2996 6926 katherinelllei@hsbc.com.hk

Insurance

Patricia Cheng
+852 2996 6584 patriciacheng@hsbc.com.hk

Industrials

Sumeet Agrawal
+91 22 2268 1243 sumeetagrawal@hsbcib.in

Steve Man
+852 2822 4395 steveyfman@hsbc.com.hk

Sandeep Somani
+91 22 2268 1245 sandeepsomani@hsbc.co.in

Sachin Gupta
+91 22 2268 1079 sachin1gupta@hsbc.co.in

Mark Webb
+852 2996 6574 markwebb@hsbc.com.hk

Azura Shahrim
+852 2996 6976 azurashahrim@hsbc.com.hk

Eric Lin
+852 2996 6570 ericpklin@hsbc.com.hk

Healthcare

Jatin Kotian
+91 22 2268 1638 jatin.kotian@hsbc.co.in

Nam Park
+852 2996 6591 nampark@hsbc.com.hk

Steve Bae
+852 2996 6571 jinsukbae@hsbc.com.hk

Carolyn Poon
+852 2996 6586 carolynpoon@hsbc.com.hk

Natural Resources

Daniel Kang
+852 2996 6669 danielkang@hsbc.com.hk

Sarah Mak
+852 2822 4551 sarahmak@hsbc.com.hk

Steven Hong Xing Li
+852 2996 6941 stevenhongxingli@hsbc.com.hk

Gary Chiu
+852 2822 4297 garychiu@hsbc.com.hk

Scully Tsoi
+852 2996 6620 scullytsoi@hsbc.com.hk

Chris Chan
+852 2996 6619 chrischan@hsbc.com.hk

Vishwas Katela
+91 22 2268 1236 vishwaskatela@hsbc.co.in

Equity Strategy

Garry Evans
+852 2996 6916 garryevans@hsbc.com.hk

Steven Sun
+852 2822 4298 stevensun@hsbc.com.hk

Leo Li
+852 2996 6919 leofli@hsbc.com.hk

Jacqueline Tse
+852 2996 6602 jacquelinetse@hsbc.com.hk

Consumer Brands

Matt Marsden
+852 2996 6531 mattmarsden@hsbc.com.hk

Sean Yang
+852 2822 4342 seanyang@hsbc.com.hk

Percy Panthaki
+91 22 2268 1240 percypanthaki@hsbc.co.in

Summer Wang
+852 2822 4337 summerwywang@hsbc.com.hk

TMT

Steven C Pelayo
+852 2822 4391 stevenpelayo@hsbc.com.hk

Tse-yong Yao
+852 2822 4397 tse-yongyao@hsbc.com.hk

Tucker Grinnan
+852 2822 4686 tuckergrinnan@hsbc.com.hk

Walden Shing
+852 2996 6751 waldenshing@hsbc.com.hk

Shishir Singh
+852 2822 4292 shishirkumarsingh@hsbc.com.hk

Rajiv Sharma
+91 22 2268 1239 rajivsharma@hsbc.co.in

Percy Panthaki
+91 22 2268 1240 percypanthaki@hsbc.co.in

Wanli Wang
+8862 8725 6020 wanliwang@hsbc.com.tw

Christine Wang
+8862 8725 6024 christineccwang@hsbc.com.tw

Leo Tsai
+8862 8725 6022 leocytsai@hsbc.com.tw

Small & Mid-cap

Ken Ho
+852 2996 6593 kenho@hsbc.com.hk

Elaine Lam
+852 2822 4398 elainehlam@hsbc.com.hk

Jenny Wang
+886 8725 6023 jennywang@hsbc.com.tw

Parash Jain
+852 2996 6717 parashjain@hsbc.com.hk