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ASIA IS THE BIGGEST MARKET FOR VIETNAM TRADE SECTOR IN THE NEXT SIX MONTHS

Global trade confidence stays strong and steady in second half of 2010

***Emerging markets lead global trade confidence meanwhile developed markets
gaining momentum***

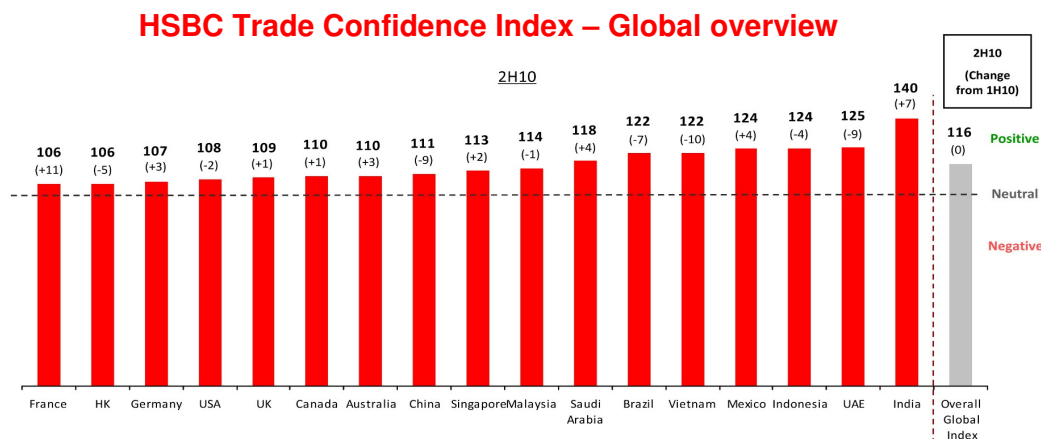
****Fluctuating exchange rate stands on top of barriers to growing import/export
business in Vietnam****

Global trade confidence remains positive on the second wave of HSBC Trade Confidence Index in the second half of 2010 (2H2010), unchanged at 116, despite continued mixed indicators worldwide. Businesses in India (140), UAE (125), Mexico (124) and Indonesia (124) are the most bullish about trade prospects in the next six months; followed by Vietnam (122), Brazil (122), Saudi Arabia (118), Malaysia (114) and China (111). Comparatively, the mature markets of Canada, Australia, UK, US, Germany, France and Hong Kong all figured within the positive range, albeit lower on the scale, demonstrating improving confidence.

Do Thuy Nhu Thuy, Head of Trade and Supply Chain, HSBC Bank (Vietnam) Ltd., shared her point of view about the results of the survey, “Global trade confidence remains securely in positive territory despite prolonged uncertainty in developed markets and more tempered growth in the emerging world. Our survey shows that while emerging markets continue to be among the most confident compared to their counterparts in the developed world, this is beginning to level off. The new order will also be characterized by stronger prospects of emerging markets trading with each other. All market respondents are bullish about trade prospects, which is a significant indicator that trade remains one of the main drivers of economic growth globally.”

The HSBC Trade Confidence Index this year covers a total of 17 markets, including key economies in the Asia-Pacific region, the Middle East, Latin America, the US and Canada and Europe. 5,124 trade-oriented small and mid-market enterprises were asked about their six-month outlook on trade volume; buyer and supplier risks; the need for trade finance; access to trade finance; and the impact of foreign exchange and government trade regulations on their businesses. The results were used to calculate

an index ranging from 0 to 200, where 200 represents the highest confidence level, 0 represents the lowest and 100, neutral. (Detailed results are contained in the slide deck attached.)



Increasing trade between emerging markets in the next six months was identified by respondents as driving trade confidence. Outside of emerging markets, developed markets are showing higher levels of confidence. The US remains among the top three trading partners for Canada, China, Hong Kong, India and Mexico. Additionally, 94 per cent of respondents are optimistic about their ability to access trade finance (+2), while 93 per cent of respondents expect their need for trade finance to either increase or stay at current levels (+5).

Respondents from all markets are bullish on trade prospects in the coming six months but recognize that certain challenges may put a dent in this positive sentiment. Specifically, traders in Australia (24%, +8), Middle East (38%, +6) and Southeast Asia (35%, +3) expressed concerns over the impact that insufficient margins could potentially have on their business. Additionally, 35 per cent of traders in Greater China (+6), 27 per cent in Middle East (+6), 33 per cent in Europe (+1), 36 per cent in North America (-3) and 31 per cent in Southeast Asia (0) identified shipping/ logistics/ storage costs as potential challenges.

Traders in emerging markets are most positive about the need for trade finance in the next six months with more Indian and Southeast Asian traders expecting requirements

to increase. Also, the majority of traders globally are confident that they can access the financing they need.

Vietnam

Greater China¹ remains the biggest target market for Vietnamese traders while the rest of Asia has overtaken Southeast Asia as the second target market. The trade confidence index has dropped 10 points to 122 since 1H2010 which reflects both the caution of Vietnamese traders towards these target markets as well as their views on potential challenges ahead.

Trade volume:

Although there was a slight decrease in the trade confidence index, Vietnamese traders remained positive at 122. 46% believe the trade volume will only increase slightly in the next six months while almost one quarter (23%) think that there will be a significantly increase over the same period. 24% of the respondents forecasts that the volume will remain constant while 8% of those polled believe trade volumes will decrease (vs 4% in total in 1H2010).

Buyer and supplier related risks

Globally, most respondents in the 17 markets surveyed do not expect buyer and supplier related risks to increase. Vietnamese traders also share this optimistic outlook as a higher proportion believe that the risk of buyers defaulting on payment will decrease (26% vs 24% in 1H2010). More Vietnamese respondents think that the risk of suppliers not honouring agreed trade arrangements will stay the same (75% vs 63% in 1H2010) or decrease (28% in 2H2010) and so they are willing to accept flexible payment arrangements such as credit or payment terms.

When asked what they would do to overcome non-payment risk from buyers, fewer traders plan to offer flexible terms (14% vs 27% in 1H2010); other than that, the traders in Vietnam said that they would control buyer relationships by applying greater use of trade finance vehicles via banks (43% vs 24% in 1H2010), accepting smaller orders to reduce transaction exposure and often requiring advance payment for the time being. Many traders also put their hopes on export credit insurance through financial institutions and government backed schemes. Only 7% of traders favour tightening payment terms and doing less business with particular buyers.

Need for trade finance

Given the caution they are showing in planning their business strategies, the number of Vietnamese traders who said the need for trade finance will increase also dropped slightly from 74% to 67% in 2H2010. 51% of respondents will use trade finance from banks, while over one third (34%) count on their own capital to do business. Only 15% of future trade financing obligations are expected to be made through buyers' support and payment terms from suppliers.

Impact of foreign exchange on business

Unlike other markets in the region, the US dollar is the most preferable currency used by Vietnamese Traders in the international market. Exchange rate volatility was considered as the most difficult variable in growing the trading business. This wave of the survey recorded a robust increase of 26% (78% vs 52% in 1H2010) in this category.

One of the highlights of this wave is the increase in percentage of traders (66% vs 53% in 1H2010) expecting exchange rates to have an unfavourable impact on their business in the next six months; only 9% of traders think that exchange rates will have a favourable impact on their business.

More respondents say that the fluctuating exchange rate is the biggest barrier to import/export business growth (71% vs 48% in 1H2010), followed by the cost of shipping, logistics and storage (43%) and government trade regulation (36%). This wave only 20% of traders considered rising interest rates as a major threat versus 38% in 1H2010.

Most promising regions for trade growth

Vietnam traders still consider Greater China as the most important region, as the majority of Vietnamese exporters and importers (58%) continue to actively trade with Greater China, followed by the rest of Asia (38%) and South-East Asia (34%). In the rankings of the most promising regions for trade growth in the next six months, there is a small increase (from one to four percent) of Vietnam traders that consider these three regions the most promising.

Do Thuy Nhu Thuy continued: "As seen from the survey results, banks remain the key source of trade finance in Asia in general and in Vietnam in particular where nearly 50% of respondents are funding their trade activities via banks. Not only do they

leverage the banks' strong footprint in the emerging markets and globally but also the strong relationship with buyers and suppliers at both ends of the supply. As the world's local bank with more than 140 years of strength in trade finance and now in 87 countries and territories, HSBC is among the few financial providers from which traders can consistently expect more diversified trade finance solutions and the power to manage potential risks for new target markets.”

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Notes to editors:

More details of the survey

1: Greater China includes Hong Kong SAR, mainland China, Taiwan and Macau SAR. Please see the attached report *HSBC Trade Confidence Index – September 2010* for more information. The survey was conducted by research company TNS from July to Sep 2010.

HSBC Trade and Supply Chain

HSBC Trade and Supply Chain is one of the largest trade services organisations in the world. Our award-winning international trade expertise combines over 140 years of extensive experience in international trade with a unique blend of local knowledge, supported by advanced technology and our extensive network of dedicated trade services offices in over 60 countries and territories worldwide.

HSBC Vietnam

HSBC has been in Vietnam for 140 years - the Bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC was the first foreign bank to launch its locally incorporated entity on 1 January 2009 as HSBC Bank (Vietnam) Ltd. The Bank's current network includes one branch and four transaction offices in Ho Chi Minh City, one branch and three transaction offices in Ha Noi, one branch in Binh Duong, one branch in Can Tho and one branch in Da Nang. HSBC is the largest foreign bank in the country in terms of investment capital, network, product range, staff and customer base.

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding and a principal member of the HSBC Group which, with around 8,000 offices in 87 countries and territories and assets of US\$2,418 billion at 30 June 2010, is one of the world's largest banking and financial services organisations..

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