

# Xin Chao Vietnam

## Market performance

	13 May	1D	1M	3M	YTD
VNIndex (pt, % chg.)	834.21	(0.1)	8.9	(11.1)	(13.2)
Turnover (VND bn)	6,751				
VN30 (pt, % chg.)	783.69	0.2	10.9	(9.3)	(10.8)

## Major indicators

	13 May	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	1.56	(0.0)	(0.6)	(0.1)	0.1
3-yr govt bonds (% bp chg.)	1.88	(0.1)	(0.5)	(0.1)	0.2
VND/USD (% chg.)	23,326	0.3	0.5	(0.4)	(0.7)
VND/JPY (% chg.)	21,812	(0.2)	(0.3)	(3.0)	(2.2)
VND/EUR (% chg.)	25,366	(0.8)	1.0	0.0	2.4
VND/CNY (% chg.)	3,292	0.1	1.0	1.2	1.1
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.67	0.0	(0.1)	(1.0)	(1.3)
WTI (USD/bbl, % chg.)	25.55	(0.9)	14.0	(50.3)	(58.2)
Gold (USD/oz, % chg.)	29.66	(1.1)	(6.6)	(47.4)	(55.1)

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
BID	17.5	VNM	(103.9)
KDH	8.1	VGC	(99.3)
GMD	5.5	HPG	(69.5)
HVN	5.4	FUEVFVND	(66.4)
DXG	5.3	VIC	(65.4)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VNM	102.1	VIC	(123.3)
VCB	80.6	VRE	(37.7)
FUEVFVND	66.4	FRT	(18.6)
VPB	40.3	POW	(13.0)
HPG	13.3	HSG	(11.3)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Telecommunication	4.7	Real Estate	(1.9)
Technology	4.3	Automobiles	(1.8)
Consumer Services	2.0	Media & Entertainment	(1.3)
Materials	1.7	Diversified Financials	(0.9)
Consumer Durables	1.6	Utilities	(0.7)

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Short-term profit taking
- **GSO:** Trade activities turn into reduction in April
- **VNM:** Share repurchase

### Macro & strategy

- **Macro view May 2020:** Global wave of re-opening will mitigate the economic setback

### New listing & Public offerings

## Market view

	OP (VND bn)	NP (VND bn)	EPS growth (% yoy)	PE (x)	PB (x)	EV/EBITDA (x)	ROE (x)
2018	186,396	115,391	35.3	14.7	2.7	14.0	18.2
2019	231,781	139,009	23.3	13.3	2.4	11.1	17.7
2020F	239,645	133,501	(6.3)	12.8	1.9	9.5	14.7
2021F	294,159	164,644	24.9	10.2	1.6	6.9	15.8

Note: KIS Universe coverage of 35 companies that account for 58% of all listed (VNIndex) firms' earnings based on the past three-year average

## Macro forecast

	2Q19	3Q19	4Q19	1Q20	2019	2020F	2021F
GDP (% yoy)	6.7	7.3	7.0	3.8	7.0	5.9	7.4
Current account (USD bn)	n.a	n.a	n.a	n.a	4.0	1.8	2.1
CPI (% yoy)	2.1	2.0	5.2	4.9	5.2	4.0	3.5
Refinancing rate (% EoP)	6.3	6.0	6.0	5.0	6.0	5.9	5.8
VND/USD (avg.)	23,306	23,213	23,195	23,240	23,236	24,000	23,200
US GDP (% qoq)	(3.2)	(27.3)	9.0	6.4	2.3	(4.5)	3.6
China GDP (% yoy)	(6.8)	1.2	5.1	6.0	6.1	1.8	8.0

Note: \* Data compiled by Bloomberg

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## Market commentary & News

### Market commentary

#### Short-term profit taking

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After the fifth consecutive gaining session, Vietnam stock market recorded a contraction thanks to the rebound of selling local petrol prices. More specifically, the local retail price of bio-fuel E5 RON 92 rose to VND11,520/liter (+5.28%) and RON95 increased to VND12,235/liter (+5.19%).

At the close, the VNIndex lost 0.13% to close at 834.2 pts. Meanwhile, trading volume increased to 374 million shares or VND6,750bn.

Foreign investors continued to buy with a net value of VND75bn on HSX. They bought VNM, VCB, and FUEVFNDD the most with a net value of VND102bn, VND80bn, and VND66bn, respectively.

Real Estate was the worst sector driven by VIC (-2.1%), VHM (-2.9%), VRE (-3.0%), and ROS (-2.3%).

In contrast, cash flowed into Energy tickers such as PVT (+3.3%), PVD (+1.4%), PVS (+0.8%), BSR (+1.6%), PLX (+0.2%), and OIL (+2.5%), because of the rebound of local fuel prices.

Despite the bearish session, the short-term uptrend has been still intact as the VNIndex closed above the significant resistance, 800 pts threshold. Therefore, traders can increase long positions and focus on leading stocks.

### Breaking news

- ▶ GSO: Trade activities turn into reduction in April

The latest estimate of GSO shows that the trade activities turned into reduction after slowing down in March. Specifically, the total trade declined by 3.22% yoy to USD40.10bn in April 2020. In which, the export value dropped by 3.62% yoy, posting USD19.70bn, while the import value also decreased by 2.83% yoy, recording USD20.40bn. As a result, the trade balance experienced a deficit of USD0.70bn. The ongoing pandemic has clearly affected the consumption confidence of Vietnam's largest trading partners and hence discouraged the trade activity significantly. From our perspective, trade activities will face tough in the next month as leading economic indicators in large trading partners show negative signals. In particular, the drop in consumer confidence in markets of large trading partners, such as the U.S., EU, Japan, will shrink the export scale. Besides, negative movements of PMI indices of large suppliers such as Korea, Japan will also discourage import activities. (KIS, GSO, MoIT)

- ▶ VNM: Share repurchase

Vinamilk (HOSE: VNM) has announced to buy back 17.5 million shares of VNM, transaction is expected to be conducted from 21 May to 20 June 2020. (ndh.vn)

## Macro & strategy

### Macro view May 2020

#### Global wave of re-opening will mitigate the economic setback

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- ▶ Trade activities will become less severe

Trade activities witnessed a slide in April 2020 as export and import declined by 3.62% YoY and 2.83% YoY, respectively. We expect that trade activities will become less severe in the next month due to the slight improvements in consumer confidence and the manufacturing of large trading partners.

- ▶ Demand recovery will push CPI up

The CPI continued to drop by 1.54% MoM due to reductions in traffic and the housing and construction materials (HCM) sectors.

We forecast that CPI will rebound in May 2020 because of demand recovery after the ease of social distancing.

- ▶ Manufacturing slumps to low record

Data in April pointed out that the significant weakness of the industrial sector was from the demand side, and it will certainly take the economy a considerable time to rebound to its pre-crisis level. However, re-opening taking place in Vietnam and its major trading partners will be a positive sign for the IIP in May as it will partially help resolve the problem.

## New listing & Public offerings

### ► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
5/14/2020	BBH	Hoang Thach Joint Stock Bagging Company	UPCoM	20.5	2,047,932	26,800

### ► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
5/15/2020	VIRESCO	Vinh Long Real Estate JSC	26.5	1,937,770	24,700	Whole lot sale
5/14/2020	DETESCO	Vietnam Economic and Technical Development JSC	53.0	5,269,432	10,800	Whole lot sale

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- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

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- Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
- Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

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