

Xin Chao Vietnam

Market performance

	3 Jun	1D	1M	3M	YTD
VNIndex (pt, % chg.)	881.17	0.7	14.6	(1.1)	(8.3)
Turnover (VND bn)	5,396				
VN30 (pt, % chg.)	824.29	0.7	15.2	(1.6)	(6.2)

Major indicators

	3 Jun	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.94	(0.0)	(0.9)	(0.7)	(0.5)
3-yr gov't bonds (% bp chg.)	1.61	(0.1)	(0.6)	(0.3)	(0.1)
VND/USD (% chg.)	23,264	(0.0)	0.8	(0.2)	(0.4)
VND/JPY (% chg.)	21,392	0.0	2.7	1.3	(0.3)
VND/EUR (% chg.)	26,027	(0.5)	(2.3)	(0.7)	(0.2)
VND/CNY (% chg.)	3,274	0.0	1.4	1.9	1.7
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.71	0.0	0.1	(0.3)	(1.2)
WTI (USD/bbl, % chg.)	37.36	1.5	88.9	(20.8)	(38.8)
Gold (USD/oz, % chg.)	39.99	1.1	51.2	(22.9)	(39.4)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
E1VFN30	146.9	HPG	(35.2)
MWG	29.4	PHR	(16.2)
FPT	21.0	GEX	(9.7)
TCB	16.2	KDC	(8.0)
CTF	15.9	ROS	(5.1)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VHM	75.3	E1VFN30	(131.0)
VNM	39.4	CII	(50.2)
CTG	35.4	BVH	(20.7)
VCB	15.3	VIC	(18.8)
GAS	11.1	DBC	(17.7)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Others	3.3	Telecommunication	(5.6)
Banks	1.6	Health Care	(4.9)
Commercial Services	1.6	Consumer Services	(1.0)
Utilities	1.6	Media & Entertainment	(0.5)
Technology	1.5	Pharmaceuticals	(0.2)

WHAT'S NEW TODAY

Market commentary & News

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- **Vietnam:** Softer-than-expected decline in the industrial sector thanks to re-opening of business activities
- **SSI:** Business plan for 2020

Macro & strategy report

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New listing & Public offerings

KIS market view

	OP (VND bn)	NP (VND bn)	EPS growth (% yoy)	PE (x)	PB (x)	EV/EBITDA (x)	ROE (%)
2018	186,396	115,391	35.2	14.7	2.7	14.0	18.2
2019	231,781	139,038	23.9	13.3	2.3	11.0	17.7
2020F	238,766	129,763	(9.0)	14.2	2.0	10.2	14.3
2021F	275,785	142,326	11.0	12.8	1.8	8.9	14.1

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)	(4.8)	(34.2)	15.0	7.9	2.3	(5.7)	3.9
China GDP (% yoy)	(6.8)	1.2	5.0	5.7	6.1	1.7	8.0

Note: * Data compiled by Bloomberg

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Market commentary & News

Market commentary

Cash flows into Banking stocks

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Vietnam stock markets rebound yesterday amid uptrend of the global financial market.

At the close, the VNIndex gained 0.73% to closed at 881 pts. Meanwhile, trading volume decreased to 351 million shares or VND5,395bn.

Foreign investors reversed to sell with a net value of VND64bn on HSX. They sold E1VFN30, CII, and BVH the most with net values of VND131bn, VND50bn, and VND20bn, respectively.

Banking stocks was the market leaders driven by VCB (+1.5%), CTG (+2.3%), BID (+1.1%), TCB (+0.9%), ACB (+2.8%), MBB (+0.8%), STB (+1.4%), and VPB (+0.8%). Notably, HDB limited up.

Energy stocks outperformed the benchmark index namely GAS (+2.1%), PVT (+4.5%), PVD (+1.8%), PVS (+2.3%), and BSR (+9.0%) thanks to the uptrend of oil prices.

In contrast, CTD (-6.4%), HPG (-0.3%), ROS (-5.6%), SAB (-1.6%), and VJC (-0.7%) closed in red territory.

In the short term, market sentiment has become optimistic as the rebound of the VNIndex. That confirmed the short-term uptrend. Therefore, traders can hold long positions and focus on leading stocks.

Breaking news

- ▶ Vietnam: Softer-than-expected decline in the industrial sector thanks to re-opening of business activities

In May, the production index for the whole industrial sector (IIP) recovered remarkably from the prior record low in April, up by 11.23% mom but still lower than its level in May 2019. Most notably, manufacturing sector saw a strong rebound of about 12.80% mom, attributable to marked rallies of manufacture of food products, beverages, textile and garment, and especially computer and electronics. On the downside, the mining sector was yet to bounce back as its largest component, the exploitation of crude oil and natural gas, still remained sluggish. In particular, the extraction of crude oil went down further by 3.27% mom, while that of natural gas stayed nearly unchanged of 0.04% mom. (GSO)

- ▶ SSI: Business plan for 2020

SSI: The Board of Directors intends to submit to the General Meeting of Shareholders the business plan of 2020 based on a cautious scenario including consolidated revenue of VND2,750bn and consolidated profit before tax of VND868nn. (ndh.vn)

Macro & strategy

Fixed Income June 2020

SBV's rate cut decision was transmitting

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- ▶ The silence in OMO transaction

The OMO market witnessed a month of lack of transactions. The silence in open market operation may indicate a switch in SBV's monetary stance after a long path of tightening, starting from 2019-end.

- ▶ Interbank yields slump

The overnight rate slumped to the nearly-all-time-low at 0.30% after SBV declared to reduce policy rates. Although it seems to a little chance for the overnight rate to hit the zero level, the interbank funding cost will continue to state at a low level. The phenomenon will persist until SBV conducts T-bill auctions to absorb the excess liquidity of commercial banks.

- ▶ Bond yields diverge

Transaction in May 2020 shows the divergence in moves of short- and long- term bond yields. Short-term yields continued to decline, quickly reflecting the policy rate cut, while longer-term yields tend to rise because of the increase in VST's issuance amount.

June strategy

Can liquidity push the market further?

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- Top-down: May picks up but there remain concerns

After April of the national lockdown, May saw pick-ups in most of the macro indicators because of local pent-up demand. Although year on year contraction is still intact, retail sales, CPI, IIP and trade jumped month on month, showing the strong return of consumption and production activities. Although reading of leading indicators such as PMI, personal income and credit growth hint a stickier disappointing picture ahead, we expect the 2020 stimulus packages to be more effective than 2009 one thanks to a more experienced Government in a black swan event.

- Bottom-up: enterprises are very aggressive

Surprisingly, out of 177 companies (accounting for 66% of total market cap of HSX), 88 (40% of total market cap) plan higher after-tax profits while 89 (26%) expect lower ones. In aggregate, total profit is planned to increase 5.4% YoY. The optimists see their earnings jump 19.9% YoY while the pessimists estimate a 21.8% YoY drop. Generally speaking, such an earnings forecast is very aggressive and positive given the unprecedented devastation of the economy and fatality caused by the pandemic.

- Investment strategy: can liquidity push the market further?

Both fundamental valuation and technical analysis are telling more and more conservative stories. It seems the main factor driving the market in the coming weeks continue to be high liquidity from local individuals who are seeking risky assets to compensate for very low saving rate, from local banks which see ample liquidity because of weak borrowing demand and somehow and somewhat from the VND1qn Government stimulus packages. Taking all into consideration, it is much riskier to make a bet now than 1-2 months ago and we recommend investors take a conservative stance in Jun.

- June top 5

Taking into account quality among KIS' BUY-rated stocks, Bloomberg consensus, the current fair valuation and overexcitement of the broad market, we recommend to investors to pay some attention to defensive stocks in Jun (although these were the worst performers in May) to brace for any significant correction. Our top 5 includes PVPower (POW), Power Construction No.1 (PC1), Thac Mo Hydropower (TMP), Vinh Hoan Corp (VHC) and Vinamilk (VNM)

New listing & Public offerings

► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
6/4/2020	DID	DIC - Dong Tien JSC	UPCoM	80.0	8,000,000	5,000

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
6/22/2020	APH	An Phat Holdings JSC	1,423.8	4,300,000	25,000	-
6/15/2020	HAB	Hanoi School Books and Equipment JSC	20.0	751,800	49,800	Local investors only
6/12/2020	PTT	Indochina Petroleum Transportation JSC	100.0	1,000,000	31,931	Whole lot sale; local investors only
6/9/2020	HLENV	Ha Long Urban Environment Company	25.7	2,208,105	18,079	-
6/8/2020	BTU	Ben Tre Urban Project JSC	36.0	864,000	14,630	-

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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.

■ Guide to KIS Vietnam Securities Corp. sector ratings for the next 12 months

- 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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