

Xin Chao Vietnam

Market performance

	12 Jun	1D	1M	3M	YTD
VNIndex (pt, % chg.)	863.52	(0.4)	3.4	12.3	(10.1)
Turnover (VND bn)	7,669				
VN30 (pt, % chg.)	807.76	0.1	3.2	12.3	(8.1)

Major indicators

	12 Jun	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	1.00	(0.0)	(0.6)	(0.4)	(0.4)
3-yr govt bonds (% bp chg.)	1.61	0.0	(0.3)	0.0	(0.1)
VND/USD (% chg.)	23,213	(0.0)	0.8	(0.1)	(0.2)
VND/JPY (% chg.)	21,593	0.5	0.9	2.7	(1.2)
VND/EUR (% chg.)	26,406	(0.3)	(4.1)	(0.7)	(1.6)
VND/CNY (% chg.)	3,281	0.1	0.4	0.6	1.4
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.71	0.0	0.0	(0.1)	(1.2)
WTI (USD/bbl, % chg.)	36.62	0.8	42.0	16.3	(40.0)
Gold (USD/oz, % chg.)	38.86	0.8	29.6	17.0	(41.1)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VGC	72.5	HPG	(27.5)
VCB	34.6	PHR	(9.8)
VNM	28.6	GAB	(4.7)
TCB	26.5	HVN	(4.5)
NCT	23.4	FUEVFNVD	(4.1)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	46.6	VNM	(127.4)
VHM	27.0	PDR	(94.1)
SSI	20.5	TDH	(76.8)
BID	15.3	VCB	(23.8)
PHR	9.9	VIC	(18.7)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Household Products	3.6	F&B	(2.7)
Retailing	2.9	Others	(2.6)
Software & Services	2.8	Commercial Services	(2.4)
Materials	2.1	Media & Entertainment	(2.1)
Technology	2.1	Consumer Durables	(2.0)

WHAT'S NEW TODAY

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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)	13.9	2.0	10.0	14.3
2021F	275,785	142,326	11.0	12.6	1.8	8.7	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)	(34.4)	15.4	7.9	2.3	(5.7)	4.0
China GDP (% yoy)	(6.8)	1.2	5.0	5.7	6.1	1.8	8.0

Note: * Data compiled by Bloomberg

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Market commentary & News

Market commentary

Intraday rebound

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Vietnam stock markets continued to go down, but the loss is narrowed thanks to the bottom fishing at the red territory.

At the close, the VNIndex lost 0.44% to close at 863.5 pts. Meanwhile, trading volume recorded to 610 million shares or VND7,669bn.

Foreign investors reversed to sell with a net value of VND253bn on HSX. They sold VNM, PDR, and TDH the most with net values of VND127bn, VND94bn, and VND76bn, respectively.

Three members of Vingroup fell sharply, namely VIC (-1.3%), VHM (-2.0%), and VRE (-0.8%).

Moreover, Consumer Staples underperformed the broad market, namely SAB (-2.8%) and VNM (-3.5%).

Moreover, some constituents of the VN30Index tumbled more than 1% such as BVH (-1.8%), HDB (-1.1%), PNJ (-1.6%), ROS (-6.8%), SBT (-4.3%), and VCB (-2.7%).

In contrast, banking stocks were the market leaders due to BID (+4.9%), CTG (+1.5%), TCB (+1.2%), and MBB (+0.9%). Notably, STB limited up as investors expected VanEck Vectors Vietnam ETF would add STB in this quarterly review.

In the short term, downside risk starts to increase and the uptrend is not stable. Therefore, investors should consider reducing the long positions and wait for the next signals.

Breaking news

- ▶ Vietnam: Strong rebound in IIP draws attention

In May, business conditions in the industrial sector turned much better as economic activities almost resumed in the country and around the globe, which somewhat eased tremendous downward pressure due to weak demand. According to the latest data from GSO, the production of the industrial sector declined though at a slower pace of just 3.13% YoY. The biggest component, the manufacturing sector, dropped slightly by 2.44% YoY compared to 11.31% YoY plunge in April. Meanwhile, the mining sector saw a further contraction of 13.02% YoY. From our perspective, the IIP will improve further in June in a range from 0% YoY to 3% YoY. (KIS, GSO)

- ▶ GVR: Business plan for 2020

Viet Nam Rubber Group (HSX: GVR) sets the consolidated business plan in 2020 with revenue of VND24,647bn, profit after tax of VND4,029bn, up by 8% and 5% YoY, respectively. (ndh.vn)

Chart of the day

[First bearish signal](#)

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- ▶ Market performance

The VNIndex recorded a large loss last Thursday due to high profit-taking on large-cap stocks.

- ▶ Chart: The short-term bearish market?

The medium-term uptrend is still active because of the VNIndex closes above the medium-term moving average (50-period moving average).

However, bearish trend can be confirmed in the short term as the VNIndex fell sharply last Thursday.

In addition, the index had broken down the 20-period moving average, showing a warning signal about the bearish market in the short term.

The -DI is going down and crosses +DI with the decrease ADX (above 30 level) as well as the RSI drops. Hence, the upward trend is not stable.

On the upside, 900 pts zone plays as a strong resistance, which overlaps with MA200. On the downside, 800 pts level acts as the key support zone.

→ The short-term downtrend may be formed next week due to warning signals of leading indicators.

- ▶ Technical strategy: Consider reducing long position

Despite the intraday rebound last Friday, the short-term uptrend is not stable due to cautious market sentiment. Moreover, downside risk starts to increase. Therefore, investors should consider reducing the long positions and wait for the next signals.

Sector & company

Ha Tien 1 (HT1)

BUY (Maintain), TP VND16,400

2020 AGM brief: Consistent and stable in 2020

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- ▶ Lower input cost to lift earnings
 - Ha Tien 1 plans to sell 7.3mn tonnes, up only 0.5% YoY. Because of weak demand concerns, it sets the target revenue of VND8,534bn, down 2.9% YoY and EBT of VND830bn, down 10.6% YoY.
 - Public investment may benefit the overall domestic cement demand but Ha Tien 1 does not expect significant impacts as it expects to maintain the bulk/bagged cement ratio at 31/69 like 2019.
 - Lower coal price may lift earnings in 2020. The company estimate that coal cost in 5M20 decreased by nearly 10% YoY.
 - Ha Tien 1 is paying more attention in environmental issues such as replacing about 20% of coal consumption by fabric scrap in Kien Luong factory and Binh Phuoc factory and reusing heat emitted during production for electricity generation in Binh Phuoc factory.
 - The company said the largest risk in 2020 is weaker cement consumption in foreign markets, which will put upward pressure on domestic market. However, up to now, foreign markets are quite good as export volume in May and 5M20 increased by 41.1% YoY and 1.6% YoY respectively.
- ▶ Large capex from 2022
 - In 5-year plan, Ha Tien 1 will invest a grinding station capable of 1 mn tonnes per year and another cement factory in Kien Luong, doubling its total capacity.
 - Ha Tien 1 expects to start construction bid of the grinding station in 2Q21. Total capex is VND1.4tn, of which 70% is funded by debt

Please click on the underlined companies and sectors to see the full reports.

New listing & Public offerings

► New listing

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
6/24/2020	PSH	Nam Song Hau Trading Investing Petroleum JSC	HSX	1,262.0	126,196,780	16,000
6/18/2020	DTP	Ha Noi CPC1 Pharmaceutical JSC	UPCoM	121.7	12,171,782	23,000
6/17/2020	PVX	Petro Vietnam Construction JS Corp.	UPCoM	4,000.0	400,000,000	1,000

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
7/6/2020	DSINVEST	Dong Son Infrastructure Investment JSC	100.0	1,500,000	15,713	Whole lot sale; Local investors only
6/26/2020	GCB	Petec Binh Dinh JSC	40.4	1,274,064	30,810	Whole lot sale; Local investors only
6/22/2020	APH	An Phat Holdings JSC	1,423.8	4,300,000	25,000	-
6/18/2020	HND	Hai Phong Thermal Power JSC	5,000.0	45,000,000	26,000	Whole lot sale
6/15/2020	HAB	Hanoi School Books and Equipment JSC	20.0	751,800	49,800	Local investors only

- **Guide to KIS Vietnam Securities Corp. stock ratings based on 12-month forward performance**

- 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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