

# Xin Chao Vietnam

## Market performance

	26 Jun	1D	1M	3M	YTD
VNIndex (pt, % chg.)	851.98	(0.3)	(2.0)	22.7	(11.3)
Turnover (VND bn)	3,878				
VN30 (pt, % chg.)	795.53	(0.1)	(2.4)	23.0	(9.5)

## Major indicators

	26 Jun	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.73	(0.1)	(0.5)	(1.2)	(0.7)
3-yr govt bonds (% bp chg.)	1.37	(0.1)	(0.3)	(0.8)	(0.3)
VND/USD (% chg.)	23,211	(0.0)	0.5	1.8	(0.2)
VND/JPY (% chg.)	21,712	(0.3)	(0.1)	(0.7)	(1.8)
VND/EUR (% chg.)	26,029	0.4	(2.3)	(1.1)	(0.2)
VND/CNY (% chg.)	3,279	(0.1)	(0.3)	1.9	1.5
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.67	(0.0)	(0.0)	(0.2)	(1.2)
WTI (USD/bbl, % chg.)	39.16	1.1	14.0	73.3	(35.9)
Gold (USD/oz, % chg.)	41.57	1.3	14.9	57.8	(37.0)

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
CII	16.6	PLX	(91.3)
E1VFN30	11.7	KOS	(49.8)
VNE	7.7	VPI	(21.6)
STB	5.4	GEX	(20.7)
LDG	5.4	FLC	(14.9)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
PLX	106.7	VRE	(29.2)
HPG	44.9	CII	(25.8)
GEX	19.8	VNM	(23.2)
VHM	18.8	HBC	(18.0)
KDC	17.9	CTG	(11.4)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Software & Services	2.7	Diversified Financials	(1.4)
Automobiles	1.5	Household Products	(1.4)
Commercial Services	1.1	Insurance	(0.9)
Retailing	0.6	Others	(0.9)
Consumer Services	0.3	Health Care	(0.8)

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** The sideways in the short term
- **Fed:** U.S. Federal Reserve loosens strict restrictions on the banking sector
- **VCB:** Business plan for 2020

### Macro & strategy

- **Chart of the day:** Move-in tight range

### Sector & company report

- **Vinamilk (VNM):** 2020 AGM brief

### New listing & Public offerings

## KIS market view

	OP (VND bn)	NP (VND bn)	EPS growth (% yoy)	PE (x)	PB (x)	EV/EBITDA (x)	ROE (%)
<b>2018</b>	186,396	115,391	35.2	14.7	2.7	14.0	18.2
<b>2019</b>	231,781	139,038	23.9	13.3	2.3	11.0	17.7
<b>2020F</b>	238,766	129,763	(9.0)	13.6	2.0	9.9	14.3
<b>2021F</b>	275,785	142,326	11.0	12.3	1.7	8.6	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

## KIS macro forecast

	1Q20	2Q20F	3Q20F	4Q20F	2019	2020F	2021F
GDP (% yoy)	3.8	3.9	4.1	5.0	7.0	4.3	5.9
Trade balance (USD bn)	1.7	(4.6)	5.7	5.1	10.4	7.9	1.8
CPI (% yoy, avg.)	5.6	2.4	1.3	0.7	2.8	2.5	2.6
Discount rate (% EoP)	3.5	3.0	3.0	3.0	4.0	3.0	3.0
VND/USD (avg.)	23,264	23,248	23,256	23,252	23,231	23,255	23,246
US GDP (% qoq)	(4.8)	(34.5)	20.0	7.8	2.3	(5.7)	4.1
China GDP (% yoy)	(6.8)	2.0	5.0	6.0	6.1	1.8	8.0

Source: KIS, Bloomberg

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## Market commentary & News

### Market commentary

#### The sideways in the short term

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Vietnam stock markets continued to go down four correction sessions in a row last Friday due to the high selling pressure at the afternoon session.

At the close, the VNIndex fell by 0.31% to close at 851.9 pts. Meanwhile, trading volume decreased to 289 million shares or VND3,877bn.

Foreign investors resumed selling with a net value of VND28bn on HSX. They sold VRE, CII, and VNM the most with net values of VND29bn, VND25bn, and VND23bn, respectively.

Banking and Real Estates underperformed the benchmark index namely VCB (-0.5%), CTG (-0.7%), HDB (-1.4%), STB (-1.3%), VIC (-2.0%), ROS (-1.6%), and VRE (-1.1%).

Selling pressure pushed Material stocks down due to HSG (-0.4%), HPG (-0.4%), and NKG (-0.8%).

In addition, some constituents of the VN30Index slid more than 1%, such as BVH (-1.0%), CTD (-1.1%), and SSI (-1.9%).

In contrast, VHM (+0.1%), TCB (+0.7%), SAB (+3.0%), REE (+0.3%), NVL (+4.8%), MWG (+0.7%), and FPT (+0.1%) closed in green territory.

In the short term, the uptrend no longer exists due to the negative signal of leading indicators (such as Stochastics, RSI, and MACD). The sideways is formed as the index move in a tight range. Therefore, investors should wait for the breakout or more confirmation signals.

### Breaking news

- ▶ Fed: U.S. Federal Reserve loosens strict restrictions on the banking sector

According to the latest announcement from Fed on Thursday 25th June, five federal regulatory agencies passed a modification of the famous Volcker rule, in which banking entities investing in or sponsoring private equity funds and hedge funds, known as covered funds, has been eased to somewhat extent. Additionally, the policymakers also eased a swap margin rule which requires banks to set up a certain level of reserve requirements for uncleared swaps between their own entities, and more than USD40bn could be free up in previously reserved cash. These helped the S&P500 futures to rebound more than 2.5% from its previous weekly low recorded on the same day. (U.S. Federal Reserve)

- ▶ VCB: Business plan for 2020

Vietcombank (HSX: VCB) does not set a profit target for 2020 but the bank will implement the financial plan in the perspective of the SBV. Besides, VCB's non-interest income will increase by 2% per year thanks to the cooperation with FWD, the total benefit can receive is VND10,000bn in 15 years. Additionally, bad debt reserve fund was VND16,700bn, the plan for bad debt ratio is about 1.5%. (ndh.vn)

## Macro & strategy

### Chart of the day

#### Move-in tight range

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- ▶ Market performance

Selling pressure at the afternoon session pushed the VNIndex to record four contraction sessions in a row. Besides, market sentiment has become cautious.

- ▶ Chart: Wait for confirmation signals again

In the medium term, the upward trend is still intact thanks to the upward slope of MA50 and the intersection between MA20 and MA50. In particular, the MA20 crosses MA50 going up.

In the short term, the signal loses consensus as the leading indicators show warning signals about the trend. Of whom, stochastics closes below its signal and goes down while the -DI stayed above +DI with the decreasing ADX.

However, the downtrend does not form in the short term because the index closes above the last low in early June at 830 pts. Moreover, the index is moving in a tight range of 830 to 880 pts. Therefore, the short-term trend is sideways.

On the upside, 880-900 pts zone plays as a strong resistance, which overlaps with MA200. On the downside, 830 pts level acts as the key support zone.

→ In the short term, the next market leg is unclear. The breakout/ breakdown needs to confirm next trend.

- ▶ Technical strategy: Reduce long positions

In this context, the downside risk increases as the selling pressure is still intact. Thus, investors should reduce long positions, stay on the sidelines, and wait for the breakout or more confirmation signals.

## Sector & company

### Vinamilk (VNM)

**BUY (Maintain), TP VND124,400**

**AGM Brief: 1H20 revenue to reach mid single-digit growth**

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- ▶ Vinamilk estimates total revenue to grow 7% in 1H20
  - On 29 June, we joined 2020 AGM of Vinamilk to update about its business situation.
  - In 1H20, Vinamilk estimates revenue to reach VND29,733bn (+7% yoy) and NPAT to reach VND5,872bn (+3% yoy).
  - As recovering late since May 2020, Vinamilk expects school milk program to have higher revenue contribution in 2H20.
  - For overall 2020, Vinamilk targets to reach VND59,600bn revenue (+5.7% yoy), which are mainly driven by higher average selling price thanks to better product mix while sales volume will remain stable. NPAT can reach VND10,690bn (+1% yoy) in 2020.
  - After setting up and operating one Hi-café store at the Head Office, Vinamilk targets to expand chain of retailing coffee and beverages through Giac Mo Sua Viet store network with 430 points of sales.
  - Vinamilk views that tax incentives for milk import from EU will have negligible competitive pressure on domestic milk as higher logistic cost and limit on distribution network will offset tax incentives from EVFTA.
- ▶ GTNFoods increases its farm size by 4,000 milk cows in 2020
  - GTNFoods's gross margin maintains improvement trend in 1H20. GTNFoods will develop new cow farm with 4,000 milk cows in 2020 and invest in new milk processing factory. GTNFoods plans to raise equity capital to sponsor its investment plan.
  - Vinamilk is purchasing milk from farmers at 30% higher price compared to global milk price, which is the result from uneven cow breed quality between Vinamilk's owned cow herd and integrated cow herd, as well as farmer's small farm size. Vinamilk views that it can take 5-10 years to improve all factors and make domestic input milk price on par with global milk price.

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

## New listing & Public offerings

► **New listing**

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
7/3/2020	SCA	Song Con Agriculture JSC	UPCoM	20.8	2,076,000	10,000
7/1/2020	VFS	Viet First Securities Corporation	UPCoM	410.0	41,000,000	10,300
6/29/2020	LMH	Landmark Holding JSC	UPCoM	256.3	25,629,995	700
6/29/2020	MA1	Machinery JSC	UPCoM	52.9	5,289,715	31,000

► **Public offerings**

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
7/23/2020		Vinh Son JSC	1,150.0	4,588,500	201,042	Whole lot sale
7/6/2020	DSINVEST	Dong Son Infrastructure Investment JSC	100.0	1,500,000	15,713	Whole lot sale; Local investors only
7/6/2020	LIBREXCO	Tien Giang Livestock Breeding Company	51.0	4,968,600	10,000	Whole lot sale

- **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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