

Xin Chao Vietnam

Market performance

	3 Jul	1D	1M	3M	YTD
VNIndex (pt, % chg.)	847.61	0.6	(3.8)	20.8	(11.8)
Turnover (VND bn)	3,493				
VN30 (pt, % chg.)	789.87	0.5	(4.2)	21.7	(10.1)

Major indicators

	3 Jul	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.72	(0.0)	(0.2)	(1.6)	(0.7)
3-yr govt bonds (% bp chg.)	1.32	(0.0)	(0.3)	(1.3)	(0.4)
VND/USD (% chg.)	23,201	0.0	0.3	1.5	(0.1)
VND/JPY (% chg.)	21,586	0.0	(1.0)	0.7	(1.2)
VND/EUR (% chg.)	26,067	0.1	(0.2)	(2.1)	(0.3)
VND/CNY (% chg.)	3,283	0.0	(0.4)	1.2	1.4
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.67	0.0	(0.1)	0.1	(1.2)
WTI (USD/bbl, % chg.)	40.12	(1.3)	7.6	41.6	(34.3)
Gold (USD/oz, % chg.)	42.64	(1.2)	7.2	25.0	(35.4)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
E1VFN30	43.7	PLX	(112.7)
CTD	16.9	EIB	(28.0)
VNM	5.6	VGC	(4.9)
CTG	4.9	LGC	(4.6)
DXG	3.7	HQC	(4.5)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
PLX	136.2	E1VFN30	(14.5)
VHM	35.6	CTD	(13.8)
HPG	35.2	PVT	(13.0)
VRE	23.6	POW	(12.3)
VNM	11.8	BID	(9.6)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Health Care	6.8	Telecommunication	(5.6)
Household Products	4.9	Software & Services	(2.7)
F&B	1.5	Insurance	(0.8)
Automobiles	1.2	Consumer Services	(0.4)
Pharmaceuticals	1.0	Retailing	(0.2)

WHAT'S NEW TODAY

Market commentary & News

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- **U.S:** Employment unexpectedly surges in June

Macro & strategy

- **Chart of the day:** Falling Wedge in uptrend

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)	13.7	2.0	10.1	14.3
2021F	275,785	142,326	11.0	12.3	1.7	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

KIS macro forecast

	1Q20	2Q20	3Q20F	4Q20F	2019	2020F	2021F
GDP (% yoy)	3.8	0.4	4.1	5.0	7.0	4.3	5.9
Trade balance (USD bn)	1.7	0.6	5.7	5.1	10.4	7.9	1.8
CPI (% yoy, avg.)	5.6	2.8	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	23,335	23,300	23,317	23,231	23,304	23,296
US GDP (% qoq)	(4.8)	(34.5)	20.0	7.7	2.3	(5.6)	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

Stalking

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The VNIndex posted the second gain last week on a mute trading day as traders gauged the 2Q macro data and the risk of the second wave of the COVID-19 in the world. At the close, the VNIndex increased 0.62% to 847.61 and volume remained low at only 203 million shares worth VND3.5tn.

Health Care, F&B and Pharmaceuticals outperformed the broad market while Insurance and Retailing posted some losses.

Foreigners turned around to buy a net of VND158bn, focusing on PLX (VND136bn), VHM (VND36bn) and HPG (VND35bn). On the opposite side, this group sold VFM VN30 ETF (VND15bn) and CTD (VND14bn), which has become a very hot stock after its major shareholders had announced to find a happy ending for their conflict.

Despite facing a minor resistance at 850, the VNIndex may continue to climb up this week. Traders can increase their stock exposure for the time being but should not chase price.

Breaking news

- ▶ U.S: Employment unexpectedly surges in June

On Friday, the employment number from the U.S. Department of Labor improved significantly when nonfarm payrolls surged by 4.8mn jobs, increasing for the second month, compared to market expectation of a 3mn increase. The lifting of social-distancing order nationwide in early May brought these jobs back to U.S. employees after the record jump of 20.7mn people unemployed in April. Furthermore, Fed is playing a crucial role in helping the economy overcome the severe economic loss as it put the Small Business Administration's Paycheck Protection Program Liquidity Facility (PPP) into operation and keeps providing massive funding to U.S. employers. (U.S. Bureau of Labor Statistics, Bloomberg)

Macro & strategy

Chart of the day

Falling Wedge in uptrend

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- ▶ Market performance

The VNIndex records two red candlesticks in a weekly chart because of the cautious market sentiment.

- ▶ Chart: Wait for breakout

The medium-term uptrend is still intact due to the upward slope of the MA50. Besides, the MA20 closes above the MA50, implying the trend.

In the short term, uptrend signals lose consensus as the VNIndex continued to cross down and up the MA50. Therefore, the sideways trend is dominant next week.

Moreover, the Falling Wedge is formed with descending volume. The pattern implies that the short-term will continue if the index breakout the upper line at 850-860 pts. In this case, the target price is around 920-950 pts.

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 sideways trend is confirmed with the Falling Wedge.

- ▶ Technical strategy: Wait for the breakout of Falling Wedge

In this context, the breakout of the Falling Wedge is the significant signals, implying the uptrend. Thus, investors should stay on the sidelines and wait for the breakout.

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

► 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
7/22/2020	KSE	Khanh Hoa Seafoods Exporting JSC	14.8	200	32,200	-
7/6/2020	LIBREXCO	Tien Giang Livestock Breeding Company	51.0	4,968,600	10,000	Whole lot sale

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- 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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