

# Xin Chao Vietnam

## Market performance

	7 Jul	1D	1M	3M	YTD
VNIndex (pt, % chg.)	863.42	0.3	(2.6)	15.6	(10.2)
Turnover (VND bn)	5,639				
VN30 (pt, % chg.)	805.68	0.3	(2.5)	16.2	(8.3)

## Major indicators

	7 Jul	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.86	0.1	(0.2)	(1.6)	(0.6)
3-yr govt bonds (% bp chg.)	1.50	0.2	(0.1)	(1.2)	(0.2)
VND/USD (% chg.)	23,195	(0.0)	0.2	1.2	(0.1)
VND/JPY (% chg.)	21,523	0.3	(0.4)	0.2	(0.9)
VND/EUR (% chg.)	26,275	(0.5)	0.1	(3.5)	(1.1)
VND/CNY (% chg.)	3,301	0.1	(0.4)	0.9	0.8
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.67	(0.0)	(0.2)	(0.0)	(1.2)
WTI (USD/bbl, % chg.)	39.99	(1.6)	1.1	69.2	(34.5)
Gold (USD/oz, % chg.)	42.55	(1.3)	0.6	33.5	(35.5)

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VGC	262.5	GEX	(96.9)
CTG	25.0	FLC	(71.4)
HPG	13.9	PLX	(63.8)
CAV	12.7	CTF	(41.9)
HMC	12.0	FPT	(19.3)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
PLX	87.3	HDG	(28.0)
VRE	37.7	VCB	(17.1)
HPG	17.8	GAS	(13.4)
VHM	17.4	DHC	(11.6)
CTG	15.9	DBC	(11.5)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Materials	1.6	Telecommunication	(6.3)
Technology	1.4	Others	(1.9)
Commercial Services	0.7	Health Care	(1.7)
Transportation	0.6	Media & Entertainment	(0.7)
Banks	0.6	Consumer Services	(0.7)

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Cautious gains
- **Vietnam:** Government accelerated long-term bond issuance
- **HPG:** Steel output increases strongly

### Macro & strategy

- **June Fixed Income view:** Surplus liquidity spreads into fixed-income markets

### 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)	14.0	2.0	10.4	14.3
2021F	275,785	142,326	11.0	12.6	1.8	9.0	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)	(34.7)	19.9	7.8	2.3	(5.6)	4.0
China GDP (% yoy)	(6.8)	1.9	5.0	6.0	6.1	1.8	8.0

Source: KIS, Bloomberg

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## Market commentary & News

### Market commentary

#### Cautious gains

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Although Asian financial markets closed in red territory, Vietnam stock markets continued to go up the three gaining sessions in a row thanks to the high demand at the morning session.

At the close, the VNIndex gained 0.26% to close at 863.4 pts. Meanwhile, trading volume increased to 324 million shares or VND5,639bn.

Foreign investors continued to buy with a net value of VND58bn on HSX. They purchased PLX, VRE, and HPG the most with net values of VND87bn, VND37bn, and VND17bn, respectively.

Banking sector was the market leaders driven by CTG (+1.7%), VCB (+0.6%), BID (+1.2%), ACB (+0.4%), and MBB (+0.6%).

Moreover, Material stocks outperformed the benchmark index, namely HPG (+2.7%) and NKG (+1.8%), after positive business results of HPG in 1H20. Its sales of construction steel products reached over 252,000 tons in June (+35.6% YoY).

Moreover, some constituents of the VN30Index jumped more than 1%, such as CTD (+1.9%), FPT (+1.3%), VRE (+1.2%) and SAB (+2.5%).

In contrast, selling pressure some large-cap stocks down due to MSN (-1.0%), POW (-0.9%), ROS (-1.3%), STB (-0.8%), and VPB (-1.3%).

In the short term, the uptrend is still intact as the VNIndex closes above the upper line of the Falling Wedge pattern. Therefore, investors should hold long positions and focus on leading stocks.

### Breaking news

- ▶ Vietnam: Government accelerated long-term bond issuance

June was an ideal time for the government to speed up the government-bond issuance plan as government bond yields remained at attractively low levels in the secondary market. According to the latest data from HNX, during the month, Vietnam State Treasury (VST) offered a total amount of VND36.50tn, up by 40.38% mom, and more than VND32.59tn was successfully issued, surging 77.21% MoM. While the absorption ratio was impressively high at 89.30%, the winning yields increased but modestly, in which the yields for 10-year, 15-year, and 20-year bonds were higher by 23bps, 13.5bps, and 0.5bps, and that for 5-year bond dropped by 25.5bps, respectively. All those above indicated that there has been a significant increase in investors' appetite for government bonds. (KIS, HNX)

- ▶ HPG: Steel output increases strongly

HPG: In June 2020, Hoa Phat's construction steel sales reached over 252,000 tons, up 35.6% YoY. In particular, the export of construction steel products reached 39,508 tons, up 2.6 times YoY. (HPG)

## Macro & strategy

### June Fixed Income view

#### Surplus liquidity spreads into fixed-income markets

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- ▶ SBV further enhances liquidity conditions

In June, the accommodative monetary policy of Vietnam's central bank became much clearer not only by administrative orders but also from its operation in the open market as they continued to pour abundant liquidity into the banking system intentionally.

- ▶ Interbank rates plunge to low records

The impact of the excess liquidity on the interbank rates was further exaggerated due to a strong positive “inaction” effect of SBV’s open market operations. From our perspective, the interbank rates will likely continue to reduce in July but with a slower pace as there is less room for further reduction in the overnight and 1-week rates.

- ▶ Excess liquidity drives down bond yields

Excess liquidity resulted from SBV’s easing policy and muted lending activities was the main factor driving down the bond yields in June. We expect that this downward pressure will remain in July as interbank rates almost reached limit down.

## New listing & Public offerings

### ▶ 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	-

- **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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