

Xin Chao Vietnam

Market performance

| | 10 Jul | 1D | 1M | 3M | YTD |
|----------------------|--------|-------|-------|------|-------|
| VNIndex (pt, % chg.) | 871.21 | (0.6) | (3.2) | 14.9 | (9.3) |
| Turnover (VND bn) | 4,777 | | | | |
| VN30 (pt, % chg.) | 809.02 | (1.0) | (3.6) | 16.3 | (8.0) |

Major indicators

| | 10 Jul | 1D | 1W | 1M | YTD |
|-------------------------------|-------------|-------|-------|-------|--------|
| 1-yr govt bonds (% bp chg.) | 0.83 | (0.0) | (0.1) | (1.3) | (0.6) |
| 3-yr govt bonds (% bp chg.) | 1.48 | 0.1 | (0.2) | (0.8) | (0.2) |
| VND/USD (% chg.) | 23,182 | 0.0 | 0.0 | 1.1 | (0.0) |
| VND/JPY (% chg.) | 21,720 | (0.4) | (0.4) | (0.5) | (1.8) |
| VND/EUR (% chg.) | 26,140 | 0.5 | 0.6 | (2.3) | (0.6) |
| VND/CNY (% chg.) | 3,310 | 0.2 | (0.8) | 0.6 | 0.5 |
| | Prev. close | 1D | 1W | 1M | YTD |
| 10-yr US Treasury (% bp chg.) | 0.57 | (0.0) | (0.2) | (0.1) | (1.3) |
| WTI (USD/bbl, % chg.) | 38.63 | (2.5) | (2.4) | 69.7 | (36.7) |
| Gold (USD/oz, % chg.) | 41.41 | (2.2) | (0.8) | 31.5 | (37.3) |

Domestic institutions net buy / sell

| Net buy | (VND bn) | Net sell | (VND bn) |
|---------|----------|----------|----------|
| MWG | 11.0 | HMC | (11.6) |
| DIG | 8.3 | DHC | (10.0) |
| CII | 4.3 | VHM | (9.0) |
| FPT | 4.1 | HPG | (7.3) |
| CTG | 3.6 | GEX | (4.9) |

Foreign net buy / sell

| Net buy | (VND bn) | Net sell | (VND bn) |
|---------|----------|----------|----------|
| CTG | 26.3 | HPG | (51.7) |
| BID | 15.3 | VCB | (41.4) |
| PLX | 7.4 | SSI | (33.7) |
| KDC | 5.8 | VHM | (26.4) |
| LIX | 5.3 | SAB | (19.4) |

Daily performance by sector

| Top five sectors | % chg. | Bottom five sectors | % chg. |
|------------------------|--------|---------------------|--------|
| Household Products | 1.2 | Health Care | (1.3) |
| Diversified Financials | 0.7 | Consumer Services | (1.1) |
| Automobiles | 0.4 | Banks | (1.1) |
| Transportation | 0.3 | Pharmaceuticals | (1.0) |
| Others | 0.2 | Materials | (0.9) |

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Unexpected contraction
- **Vietnam:** Impact of the COVID-19 pandemic on Vietnam employment situation

Macro & strategy

- **Chart of the day:** The best bid or the high certainty level

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) | 14.1 | 2.0 | 10.4 | 14.3 |
| 2021F | 275,785 | 142,326 | 11.0 | 12.7 | 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

Unexpected contraction

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Vietnam stock markets reversed to go down as the Vietnam labor market has been showing negative signals. In particular, the unemployment rate was at the highest level in 10 years.

At the close, the VNIndex lost 0.6% to close at 871.2 pts. Meanwhile, trading volume decreased to 283 million shares or VND4,777bn.

Foreign investors continued to sell with a net value of VND162bn on HSX. They sold HPG, VCB, and SSI the most with net values of VND51bn, VND41bn, and VND33bn, respectively.

Profit-taking pushed Banking sector down due to CTG (-1.2%), VCB (-1.1%), HDB (-2.0%), TCB (-2.4%), ACB (-1.2%), MBB (-1.1%), STB (-2.1%), and VPB (-0.9%).

Base on reduction of oil prices, Energy stocks underperformed the benchmark index namely GAS (-1.2%), PVD (-1.9%), PVS (-0.8%), BSR (-2.7%), and OIL (-1.2%).

In contrast, cash flowed into Brokerage stocks driven by SSI (+0.6%) and HCM (+0.3%).

Moreover, HAG (+1.0%), BVH (+0.3%), VIC (+0.4%), TCH (+1.9%), KDH (+0.6%), and SAB (+0.5%) closed in green territory.

Despite the contraction session, the short-term uptrend is still intact as the Falling Wedge pattern has been confirmed. Therefore, investors should hold long positions and focus on leading stocks.

Breaking news

- ▶ Vietnam: Impact of the COVID-19 pandemic on Vietnam employment situation

Although the pandemic remained short-lived in Vietnam, its economic impact on workers, the most vulnerable of the economy, is uncountable. From the latest employment report 1H20 from the General Statistics Office, as of 6M20, about 30.8mn people aged 15 or above have been negatively affected by the pandemic, including those who lose their jobs, reduce working hours, and especially about 57.3% of the total (17.6 mn people) see income reduction during and after the pandemic. Undoubtedly, the service sector was taking the hardest hit as 72% of people working in this industry were getting affected, while nearly 68% of employees working in the manufacturing sector were being affected. Besides, about 25.1% labor force in the agriculture, forestry, and fishery was getting hit. (GSO)

Macro & strategy

Chart of the day

The best bid or the high certainty level

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- ▶ Market performance

The VNIndex rebounded slightly thanks to the falling wedge pattern's breakout, increasing the tendency to retest 900 pts level.

- ▶ Chart: The reaction at MA200 (900 pts zone)

Notably, MA50 rejected the downward crossover with MA20, the bear will not take place in the short-term.

Moreover, breakout already occurred on the Falling Wedge pattern, giving the upside objective at 920-950 pts.

However, the benchmark for the long-term trend – MA200 (900 pts zone) will be expected to act as the strong congestion zone. Additionally, the line in the sand for the short-term uptrend – MA20 (850 pts zone) acts as the short-term support.

Besides, MA200 and MA50 are converging as well as the Index consolidated between these MAs, the long-term trend is unclear.

→ Despite the valid breakout of the Falling Wedge pattern, the upward resumption phase will stay dormant unless 900 pts level is broken.

- ▶ Technical strategy: The best bid or the high certainty level

There is the tendency for the Index to retest 900 pts level thanks to the valid breakout of the Falling Wedge. Thus, investors could increase the proportion of leading stocks to take the best bid or wait for the breakout at 900 pts zone to increase the certainty level.

New listing & Public offerings

▶ New listing

(VND bn, share, VND)

| Date of listing | Ticker | Company | Exchange | Charter | Listed Shares | Reference price |
|-----------------|--------|---------------------|----------|---------|---------------|-----------------|
| 7/14/2020 | DKC | Lang Son Market JSC | UPCoM | 22.9 | 2,288,540 | 11,100 |

▶ 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 | - |
| 7/22/2020 | SMA | Saigon Machinery Spare Parts JSC | 190.2 | 482,856 | 16,700 | Whole lot sale; 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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