

Xin Chao Vietnam

Market performance

	15 Jul	1D	1M	3M	YTD
VNIndex (pt, % chg.)	869.91	0.2	4.5	11.9	(9.5)
Turnover (VND bn)	4,421				
VN30 (pt, % chg.)	810.16	0.6	4.0	12.1	(7.8)

Major indicators

	15 Jul	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.62	0.0	(0.3)	(1.6)	(0.8)
3-yr govt bonds (% bp chg.)	1.17	0.0	(0.3)	(1.2)	(0.5)
VND/USD (% chg.)	23,184	(0.0)	0.2	1.1	(0.0)
VND/JPY (% chg.)	21,688	(0.4)	(0.3)	0.6	(1.7)
VND/EUR (% chg.)	26,503	(0.6)	(1.4)	(2.9)	(2.0)
VND/CNY (% chg.)	3,317	(0.3)	(1.3)	(0.0)	0.3
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.62	(0.0)	(0.1)	(0.0)	(1.3)
WTI (USD/bbl, % chg.)	40.78	1.2	9.9	105.2	(33.2)
Gold (USD/oz, % chg.)	43.37	1.1	9.2	56.6	(34.3)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	35.4	E1VFN30	(65.6)
HDB	30.5	KOS	(18.1)
MWG	29.5	HNG	(7.2)
VNM	24.8	CTD	(2.7)
TCB	22.9	GEX	(2.4)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
E1VFN30	27.2	MSN	(28.2)
CTG	13.1	VCB	(28.2)
HPG	9.9	HDG	(25.8)
PLX	8.3	SAB	(13.9)
VNM	7.8	VIC	(12.4)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Telecommunication	3.4	F&B	(0.5)
Media & Entertainment	2.9	Commercial Services	(0.3)
Retailing	2.2	Utilities	(0.2)
Consumer Durables	1.3	Diversified Financials	(0.1)
Household Products	1.2	Automobiles	0.0

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Resume uptrend
- **PLX:** Divestment
- **Vietnam:** Trade downtrend to decelerate

Macro & strategy

- **July Macro view:** Economic recovery - Light at the end of 2Q20

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)	(33.7)	18.0	6.9	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

Resume uptrend

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Vietnam stock markets reversed to go up thanks to optimistic market sentiment after good news from the testing of the COVID-19 vaccine by Moderna Inc.

At the close, the VNIndex gained 0.21% to close at 869.9 pts. Meanwhile, trading volume increased to 253 million shares or VND4,420bn.

Foreign investors continued to sell with a net value of VND110bn on HSX. They sold E1VFN30, CTG, and HPG the most with net values of VND65bn, VND18bn, and VND7bn, respectively.

Banking was the market leaders driven by CTG (+0.2%), VCB (+0.6%), TCB (+2.5%), MBB (+0.9%), VPB (+1.4%), and EIB (+1.8%). In particular, investors expected that a decline of short-term deposit rates pushed banks' input costs down.

Moreover, cash flowed into Construction industry, namely CTD (+4.1%) and HBC (+3.3%).

A few of the VN30 Index constituents, BVH (+0.6%), HPG (+0.5%), MWG (+2.0%), NVL (+0.4%), PNJ (+1.5%), REE (+0.4%), SBT (+0.3%), VHM (+0.7%), and VNM (+0.6%), outperformed the benchmark index.

In contrast, SAB (-1.7%), HCM (-1.3%), DPM (-1.3%), and HAG (-4.9%) closed in red territory.

Based on the breakout of the Falling Wedge, the uptrend is still intact in the short-term. Therefore, investors should hold long positions and focus on leading stocks.

Breaking news

▶ Vietnam: Trade downtrend to decelerate

According to the latest estimate of GSO, the trade activity tumbled in 2Q20 after decelerating in the previous quarter due to the global health crisis as the total trade, export and import declined by 9.80% YoY, 9.41% YoY, and 10.18% YoY to post USD114.97bn, USD57.77bn, and USD57.20bn, respectively. But, a recent fast recovery in export-import numbers in June showed a brighter future towards 3Q20. (KIS, GSO)

▶ PLX: Divestment

PLX: PLX will sell all 443,500 shares of BMF via the Hanoi Stock Exchange. Notably, the starting price is VND28,600/share, 64% higher than market price. (ndh.vn)

Macro & strategy

July Macro view

Economic recovery: Light at the end of 2Q20

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▶ GDP growth hits low since the financial crisis

Real GDP growth in 2Q20 nearly approached reduction territory as expanding slightly by 0.36% YoY, recording the lowest level since the global financial crisis.

▶ Trade downtrend to decelerate

Overall, trade activity continues to tumble in 2Q20 due to the global health crisis. But, a recent fast recovery in export-import numbers in June showed a brighter future towards 3Q20.

► Bright spots for FDI inflows in 2Q20

In 2Q20, solid-growth industries remain attractive to foreign investors even under tremendous challenges in international mobility into Vietnam. Looking forward 3Q20, a strong recovery in economic activities may blow a strong tailwind to FDI in the manufacturing, retail, and real estate sectors.

► Export-related sectors drive the industrial growth

In June, downward pressure from weak global demand has been relieved as export-related industries were driving growth in the industrial sector. These industries will likely remain key factors in the industrial growth in 3Q20.

► U.S. dollar accelerates downward

In June, USD continued to depreciate for the third straight month at a faster pace. From our view, VND is not likely to see any significant changes in July as the implied volatility of the USD/VND remained very low even when the greenback may continue to drop further.

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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