

Xin Chao Vietnam

Market performance

	17 Jul	1D	1M	3M	YTD
VNIndex (pt, % chg.)	872.02	(0.5)	2.1	10.4	(9.3)
Turnover (VND bn)	4,317				
VN30 (pt, % chg.)	814.16	(0.7)	2.2	10.8	(7.4)

Major indicators

	17 Jul	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.66	0.0	(0.2)	(1.4)	(0.8)
3-yr govt bonds (% bp chg.)	1.20	0.0	(0.3)	(1.1)	(0.5)
VND/USD (% chg.)	23,192	(0.1)	0.1	0.8	(0.1)
VND/JPY (% chg.)	21,643	(0.2)	0.2	0.6	(1.5)
VND/EUR (% chg.)	26,393	0.5	(0.9)	(3.5)	(1.6)
VND/CNY (% chg.)	3,313	0.1	(1.1)	(0.1)	0.4
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.61	(0.0)	(0.1)	(0.0)	(1.3)
WTI (USD/bbl, % chg.)	40.56	(0.5)	6.8	122.0	(33.6)
Gold (USD/oz, % chg.)	43.13	(0.6)	5.9	53.6	(34.7)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
SSI	73.4	E1VFN30	(106.5)
REE	10.5	DHC	(40.1)
BID	9.8	GEX	(11.8)
AAA	6.7	HNG	(3.9)
VHM	3.7	CTD	(3.7)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VNM	30.1	VHM	(31.4)
MBB	13.2	VCB	(22.9)
VIC	8.9	MSN	(18.3)
TCM	8.4	DXG	(7.8)
CTG	8.3	DBC	(7.2)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Household Products	3.2	Telecommunication	(6.6)
Software & Services	1.9	Transportation	(1.6)
Energy	1.1	Real Estate	(1.2)
Diversified Financials	0.4	Health Care	(1.1)
Others	0.3	Technology	(1.0)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Unexpectedly contraction
- **FPT:** Profit before tax ups 14% YoY
- **ECB:** Europe's central bank holds off further economic stimulus

Macro & strategy

- **Chart of the day:** No place for the bear, but uptrend stays dormant

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)	14.2	2.0	10.4	14.3
2021F	275,785	142,326	11.0	12.8	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)	3.9
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

Unexpectedly contraction

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Vietnam stock markets closed in red territory because of the reduction of the U.S. financial market.

At the close, the VNIndex lost 0.55% to close at 872.0 pts. Meanwhile, trading volume increased to million 263shares or VND4,317bn.

Foreign investors continued to sell with a net value of VND3bn on HSX. They sold VHM, VCB, and MSN the most with net values of VND31bn, VND22bn, and VND18bn, respectively.

Profit-taking pushed Real Estate stocks down, namely VIC (-1.6%), VHM (-1.2%), VRE (-1.6%), ROS (-0.7%), and KDH (-1.2%).

Although oil prices maintained at a high level, Energy tickers closed in red territory driven by GAS (-0.4%), PVT (-0.5%), PVD (-0.9%), PVS (-0.8%), and POW (-1.0%).

Moreover, a few of the VN30 Index constituents, namely FPT (-1.0%), MSN (-1.4%), REE (-1.3%), TCB (-1.9%), and VJC (-2.6%), slid more than 1%.

In contrast, cash flowed into some large-cap stocks such as BID (+0.6%), BVH (+0.7%), CTD (+1.3%), PLX (+1.3%), SSI (+0.6%), and VPB (1.9%), in which, VPB's business result in 1H20 is positive as total consolidated operating income reached VND18,854billion (+12% YoY) while credit growth rose by 9.8% more than 3% of the whole system.

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

Breaking news

- ▶ ECB: Europe's central bank holds off further economic stimulus

In the latest regular Governing Council meeting taking place on Thursday, the ECB decided to pause further monetary easing as the economic and financial conditions of the European economy, from the ECB's perspective, have eased significantly. Meanwhile, a huge quantitative easing package (PEPP program) with up to USD1.49tn for buying financial assets is still deployed, which played a key role in supporting households, corporates, and governments with liquidity during the health crisis. However, risks of the second wave of infection and another potential lockdown are still out there as the ECB President Lagarde commented that "uncertainty over the scale of the rebound remains high. The balance of the risks remains on the downside". (Europe Central Bank, Reuters)

- ▶ FPT: Profit before tax ups 14% YoY

FPT: The first 6 months' revenue is VND13,611bn, up by 9% YoY and fulfilling 42% of this year target. Profit before tax was VND2,428bn, up 14% YoY and achieved 43.6% of the year plan. (ndh.vn)

Macro & strategy

Chart of the day

No place for the bear, but uptrend stays dormant

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- ▶ Market performance

The VNIndex consolidated after the occurrence of the falling wedge pattern. However, there is the tendency for the index to retest 900 pts level.

- ▶ Chart: MA200 and MA50 are converging

Notably, MA50 rejected the downward crossover with MA20. Besides, MA20 and MA50 kept its upward direction, the bear will not take place in the short-term.

The breakout of the Falling Wedge pattern provides the upside objective at 920-950 pts.

Nevertheless, 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 (860 pts zone) acts as the short-term support.

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
7/28/2020	APH	An Phat Holdings JSC	HSX	1,325.6	132,562,459	41,500
7/23/2020	AAS	SmartInvest Securities JSC	UPCoM	310.0	31,000,000	12,500

▶ Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
8/7/2020	FPT	FPT Corporation	7,839.9	46,019,295	49,400	Whole lot sale; Local investors only
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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