

Xin Chao Vietnam

Market performance

	3 Aug	1D	1M	3M	YTD
VNIndex (pt, % chg.)	814.65	2.0	(3.9)	5.9	(15.2)
Turnover (VND bn)	4,616				
VN30 (pt, % chg.)	757.86	2.3	(4.1)	5.9	(13.8)

Major indicators

	3 Aug	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.77	0.2	0.0	(1.1)	(0.7)
3-yr govt bonds (% bp chg.)	1.34	0.2	0.0	(0.8)	(0.3)
VND/USD (% chg.)	23,177	(0.0)	0.1	1.2	(0.0)
VND/JPY (% chg.)	21,919	(0.2)	(1.5)	0.2	(2.7)
VND/EUR (% chg.)	27,283	0.9	(4.5)	(6.8)	(4.8)
VND/CNY (% chg.)	3,319	0.1	(1.1)	0.0	0.3
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.54	0.0	(0.1)	(0.1)	(1.4)
WTI (USD/bbl, % chg.)	39.75	(1.3)	(2.2)	101.0	(34.9)
Gold (USD/oz, % chg.)	43.06	(1.1)	0.6	62.9	(34.8)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
CII	23.8	DIG	(196.2)
HPG	13.8	GAB	(85.6)
GTN	9.0	HDG	(19.7)
REE	8.5	DXG	(17.9)
MSN	7.5	FPT	(7.5)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	30.3	VHM	(31.1)
VCB	14.3	SAB	(19.2)
PHR	9.8	MSN	(15.7)
STB	9.3	VRE	(14.9)
PLX	8.5	VNM	(14.3)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Insurance	6.2		
Household Products	4.8		
Materials	4.2		
Diversified Financials	3.8		
Capital Goods	3.6		

WHAT'S NEW TODAY

Market commentary & News

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- **HPG:** Sales volume ups 27.5%

Macro & strategy

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- **August strategy:** A test for Vietnam CDC and stock market

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	(7.9)	13.0	1.9	9.8	14.3
2021F	275,785	142,326	11.2	11.7	1.7	8.5	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)	(33.0)	18.0	6.5	2.2	(5.5)	3.9
China GDP (% yoy)	(6.8)	1.6	5.2	6.1	6.1	2.0	7.9

Source: KIS, Bloomberg

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Market commentary & News

Market commentary

Optimistic sentiment

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Vietnam stock markets jumped yesterday as fears about COVID-19 infection decreased. Besides, earning reports in 2Q20 have been better than expected, pushing some key stocks to surge such as VCB (+3.1%), VNM (+2.1%), HPG (+5.5%), GAS (+2.6%), and MSN (+4.2%).

At the close, the VNIndex gained 2.04% to close at 814.6 pts. Meanwhile, trading volume increased to 287 million shares or VND4,615bn.

Foreign investors reversed to buy with a net value of VND12bn on HSX. They purchased HPG, VCB, and PHR the most with net values of VND30bn, VND14bn, and VND9bn, respectively.

Banking was the market leaders namely CTG (+2.6%), BID (+1.5%), TCB (+2.5%), MBB (+2.9%), ACB (+3.1%), STB (+2.5%), and VPB (+3.7%).

Investors expected that Energy's business results in 1H20 were positive as the global oil price was still above USD43 per barrel. That pushed PVT (+2.7%), PVD (+4.7%), PVS (+5.6%), BSR (+1.7%), and PLX (+3.7%) up.

Moreover, a few constituents of VN30 rose more than 3% such as BVH (+6.9%), CTD (+4.9%), FPT (+3.1%), REE (+3.8%), SBT (+6.0%), and SSI (+4.0%). Among which, BVH's revenue and net income recorded at VND17tn (+6.5% YoY) and VND660bn (-1.5% YoY).

Cash flows into large-cap stock, making optimistic market sentiment in the short term. However, the VNIndex's 20-period moving average or July-bottom at 820-830 pts is the significant resistance. Therefore, traders should be careful and wait for more bullish signals.

Breaking news

- ▶ Vietnam: Manufacturing PMI falls to reduction territory

According to the latest report from IHS Markit, business conditions somewhat deteriorated in July as the Vietnam manufacturing PMI index in July recorded just 47.6, below the neutral level of 50. More details, reductions in output, new orders, and staffing levels were putting a drag on the manufacturing sector. However, firms remained optimistic the future outlook, particularly the 12-month outlook for production, although the sentiment was slightly down from the previous month. (IHS Markit)

- ▶ HPG: Sales volume ups 27.5%

In July 2020, HPG's construction steel achieved a sales volume of 300,000 tons, up 27.5% YoY and increase 19% compared to June. The output of exported steel was 53,500 tons, nearly 2 times higher compared to the same period. In the first 7 months, HPG supplied 1.81mn tons of finished steel products to the market, up 14.5% YoY. Specifically, the output of exported steel products is 256,500 tons, up 73.3% and equivalent to the total export volume in 2019. (HPG)

Macro & strategy

Fundflow 27 – 31 Jul

Inflow across SEA skyrockets

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- ▶ Vietnam foreign flow

Last week, foreign buying activities ticked up. Net buy value recorded at USD33mn, a one-month high.

Breaking down by sectors, Consumer Staples, Real Estate, and Financials were accumulated the most, recorded net buy value of USD5.8mn, USD5.6mn, and USD5mn, respectively. Particularly, the inflow mainly driven by large buy orders on KDC, VHM,

VIC, VCB, and VCI, fading the strong selling pressure on MSN, SAB, KDH, NLG, and HCM. Besides, Utilities turned around to attract foreign demand after experiencing the strong outflow on the previous week, thanks to POW. Last but not least, FUEVFNVD and FUESSVFL were strongly accumulated by foreign investors, signaling the positive flow of money despite the pessimistic sentiment.

► South East Asia ETF flow

Last week, money inflow across SEA reached a one-year high, recorded at USD135mn. To be specific, major countries such as Indonesia, Malaysia, and Singapore attracted the total of USD43mn money inflow. Most importantly, money inflow across Thailand skyrocketed, reaching the one-year high.

Vietnam maintained the positive flow of money despite the lower pressure. Net inflow recorded at USD6mn, two times lower than the previous week. Of which, X FTSE Vietnam, SSIAM VNFIN Lead, VFMVN Diamond ETF, and VanEck Vietnam ETF were the main contributors which attracted the total of USD9mn money inflow. However, VFMVN30 ETF ended up to be net sold, recorded at USD3.6mn, a 6-months high.

August strategy

A test for Vietnam CDC and stock market

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► Vietnam sees COVID-19 back but things are under control

For some unidentified reasons, an overseas nCoV has broken through Vietnam border, stopping 99 days of virus-free streak and so far infected 196 people, caused the lockdown of Danang and some other areas in the Central Vietnam. However, given the minor contribution of Danang (the center of the outbreak), we expect Vietnam will soon put out the outbreak and the impact on the economy will be negligible.

► 2Q results – Financials save the game

2Q earnings were surprising as total earnings of HSX companies decreased only 7% yoy compared with 24% yoy of 1Q given the national lockdown in April. Breaking down by sectors, 6 out of 10 sectors showed improvement in 2Q, even Industrials with large losses from local airlines. Especially, Financials led by Banks, which were able to cut operating cost and improve profitability amid economic uncertainty, posted a 34% yoy earnings growth in 2Q.

► August strategy: A test for Vietnam CDC and stock market

We believe that the terrible performance of the VNIndex in July was mostly due to the overreaction of retail investors rather than the fundamental factors of the economy. A successful test of Vietnam CDC will be also a successful test for the VNIndex in the coming weeks. Given the current well-controlled virus situation, we maintain our target of 900-1,000 for the VNIndex by the end of this year. However, the outbreak of Danang teaches us that there is a high probability of another virus resurgence, another economic lockdown as well as another sell-off of the stock market and the recovery path will be intermittent, a new normal life.

► August top 5

Taking into account the likely recovery of the broad market in August and large-cap-must-go-first movement, we would like to recommend 5 of the largest companies of KIS's BUY-rated stocks including ACB Bank (ACB), Hoa Phat (HPG), Mobileworld (MWG), Vinhomes (VHM) and Techcombank (TCB).

New listing & Public offerings

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
8/31/2020	HDLB	Hai Duong livestock genetics one member Co., Ltd	37.8	2,414,700	13,800	IPO
8/21/2020	TSCC	Truong Son Advisory JSC	27.3	1,389,750	12,300	-
8/20/2020	BMF	Dong Nai Building Material and Fuel JSC	41.6	443,500	28,600	-
8/7/2020	FPT	FPT Corporation	7,839.9	46,019,295	49,400	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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