

Xin Chao Vietnam

Market performance

	4 Aug	1D	1M	3M	YTD
VNIndex (pt, % chg.)	827.57	1.6	(2.4)	8.5	(13.9)
Turnover (VND bn)	4,123				
VN30 (pt, % chg.)	768.22	1.4	(2.7)	8.3	(12.6)

Major indicators

	4 Aug	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.62	(0.1)	(0.1)	(1.3)	(0.8)
3-yr gov't bonds (% bp chg.)	1.06	(0.3)	(0.3)	(1.1)	(0.6)
VND/USD (% chg.)	23,177	0.0	0.1	1.2	(0.0)
VND/JPY (% chg.)	21,868	(0.0)	(1.2)	0.5	(2.5)
VND/EUR (% chg.)	27,287	(0.0)	(4.2)	(6.9)	(4.8)
VND/CNY (% chg.)	3,319	(0.0)	(0.5)	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.)	40.38	(1.5)	(0.7)	98.0	(33.9)
Gold (USD/oz, % chg.)	43.46	(1.6)	1.5	59.8	(34.2)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
SAB	41.0	KDH	(90.6)
HDG	30.9	CII	(32.6)
CTD	19.2	TCM	(7.8)
HPG	9.8	MHC	(4.1)
MWG	8.0	HNG	(4.0)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
NVL	13.8	SAB	(66.1)
VCB	11.0	HDG	(34.4)
MSN	10.7	VHM	(30.3)
PLX	7.9	HPG	(15.9)
STB	7.9	VJC	(9.3)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Software & Services	4.4		
Insurance	4.3		
Pharmaceuticals	2.9		
Banks	2.4		
Consumer Durables	2.1		

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Resistance 830 to be tested
- **U.S.:** U.S. business conditions pick up for the first time since pandemic

Macro & strategy

- **August Macro view:** Da Nang outbreak raises concerns

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)	13.3	1.9	10.0	14.3
2021F	275,785	142,326	11.2	11.9	1.7	8.6	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

Resistance 830 to be tested

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Vietnam stock markets resumed morning uptrend in the afternoon yesterday to enjoy the second winning session in August as the COVID-19 outbreak in Danang has been put under control. At the close, the VNIndex rose 1.59% to 827.57 with volume improving to 277 million shares worth VND4,179bn.

There was no losing sector yesterday while Pharmaceuticals, Banks, and Consumer Durables were market leaders.

Foreigners turned around to net sell VND114bn worth of shares, focusing on SAB (VND66bn), HDG (VND34bn), and VHM (VND30bn). On the buy side, this group net bought NVL (VND14bn), VCB (VND11bn), and MSN (VND11bn).

As the VNIndex has returned to its resistance 825-830, selling pressure may increase today. Therefore, traders should not chase price for the time being.

Breaking news

- ▶ U.S.: U.S. business conditions pick up for the first time since pandemic

Although the largest economy is still being hit hard by the ongoing pandemic, there are some positive signs that the economy is recovering. According to the latest report from IHS Markit, the U.S. business conditions have improved for the first time since February, posting a 50.9 index point. Furthermore, output and new orders both saw expansion compared to their June levels albeit modestly. Most notably, business optimism about the outlook for the output level 12-month ahead revived to the same levels in February. (IHS Markit)

Macro & strategy

August Macro view

Da Nang outbreak raises concerns

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- ▶ Trade to face challenges

We are skeptical that trade activity will significantly progress in the next period due to difficulties in the U.S virus containment. We predict that exports will decrease by 1.80% YoY, and imports will increase by 4.36% YoY in August 2020.

- ▶ Traffic to extend CPI recovery

The general price index seems to persist its upward momentum in the next month based on the support from gasoline prices. However, we see some raising concerns in consumer's attitudes related to the outbreak in Da Nang. Hence, we predict the CPI in August 2020 to rise by 0.45% MoM.

- ▶ Raising concerns over FDI flows

In July, foreign investment activities continued to rebound along with the economic recovery. But, there were just a few sectors became attractive to foreign investors, the rest were still being ignored. From our view, the ongoing outbreak will raise some concerns to foreign investors, which in turns will likely be reflected in August's data.

- ▶ Industrial recovery hits limit

In July, the industrial sector was getting limited space for further recovery as current upward driving factors, primarily domestic and global demand, were likely already reflected in June's result. Besides, the pandemic situation suddenly turned worse by July-end, which is posing a severe threat to domestic demand-driven industries.

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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