

# Xin Chao Vietnam

## Market performance

|                      | 1 Sep  | 1D  | 1M   | 3M  | YTD   |
|----------------------|--------|-----|------|-----|-------|
| VNIndex (pt, % chg.) | 891.73 | 1.1 | 11.7 | 1.5 | (7.2) |
| Turnover (VND bn)    | 5,809  |     |      |     |       |
| VN30 (pt, % chg.)    | 832.03 | 1.0 | 12.3 | 1.3 | (5.4) |

## Major indicators

|                               | 1 Sep       | 1D    | 1W    | 1M    | YTD    |
|-------------------------------|-------------|-------|-------|-------|--------|
| 1-yr gov't bonds (% bp chg.)  | 0.65        | 0.1   | 0.1   | (0.3) | (0.8)  |
| 3-yr gov't bonds (% bp chg.)  | 1.24        | 0.2   | 0.1   | (0.4) | (0.4)  |
| VND/USD (% chg.)              | 23,175      | 0.0   | 0.0   | 0.4   | (0.0)  |
| VND/JPY (% chg.)              | 21,919      | (0.2) | (0.3) | (1.4) | (2.7)  |
| VND/EUR (% chg.)              | 27,696      | (0.2) | (1.5) | (6.5) | (6.2)  |
| VND/CNY (% chg.)              | 3,396       | (0.4) | (2.3) | (3.9) | (2.0)  |
|                               | Prev. close | 1D    | 1W    | 1M    | YTD    |
| 10-yr US Treasury (% bp chg.) | 0.72        | 0.0   | 0.2   | 0.1   | (1.2)  |
| WTI (USD/bbl, % chg.)         | 43.06       | 1.1   | 6.9   | 21.5  | (29.5) |
| Gold (USD/oz, % chg.)         | 45.76       | 1.1   | 5.7   | 19.4  | (30.7) |

## Domestic institutions net buy / sell

| Net buy | (VND bn) | Net sell | (VND bn) |
|---------|----------|----------|----------|
| VCB     | 49.2     | GAB      | (94.3)   |
| HPG     | 49.0     | VGC      | (70.0)   |
| VIC     | 30.0     | PLX      | (46.0)   |
| BID     | 24.9     | HT1      | (11.1)   |
| VHM     | 23.9     | MBB      | (7.7)    |

## Foreign net buy / sell

| Net buy  | (VND bn) | Net sell | (VND bn) |
|----------|----------|----------|----------|
| BVH      | 13.2     | HPG      | (62.9)   |
| GEX      | 12.2     | MSN      | (46.1)   |
| GAS      | 11.2     | BID      | (14.3)   |
| E1VFVN30 | 5.7      | HSG      | (10.7)   |
| DGC      | 3.6      | HCM      | (9.3)    |

## Daily performance by sector

| Top five sectors  | % chg. | Bottom five sectors   | % chg. |
|-------------------|--------|-----------------------|--------|
| Telecommunication | 5.8    | Media & Entertainment | (1.0)  |
| Others            | 4.2    | Household Products    | (0.6)  |
| Insurance         | 2.8    | Pharmaceuticals       | (0.2)  |
| Health Care       | 2.7    | Commercial Services   | 0.1    |
| Transportation    | 2.1    | Retailing             | 0.4    |

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** VIC rises 3.0%
- **Vietnam:** Manufacturing PMI drops further amid the COVID-19 resurgence

### Macro & strategy

- **September strategy:** FOL stocks

### New listing & Public offerings

## KIS market view

|       | OP<br>(VND bn) | NP<br>(VND bn) | EPS growth<br>(% yoy) | PE<br>(x) | PB<br>(x) | EV/EBITDA<br>(x) | ROE<br>(%) |
|-------|----------------|----------------|-----------------------|-----------|-----------|------------------|------------|
| 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        | (6.4)                 | 14.0      | 2.0       | 10.5             | 14.4       |
| 2021F | 275,785        | 142,326        | 11.2                  | 12.6      | 1.8       | 9.1              | 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)  | (32.3) | 21.0   | 6.1    | 2.2    | (5.0)  | 3.7    |
| China GDP (% yoy)      | (6.8)  | 3.2    | 5.0    | 6.1    | 6.1    | 2.0    | 8.0    |

Source: KIS, Bloomberg

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## Market commentary & News

### Market commentary

#### VIC rises 3.0%

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Vietnam stock markets jumped yesterday thanks to high demand on some key tickers, which were most index contributors, such as GAS (+1.8%), VNM (+1.8%), and VIC (+3.0%).

At the close, the VNIndex surged by 1.14% to close at 891.7 pts. Meanwhile, trading volume decreased to 304 million shares or VND5,808bn.

Foreign investors continued to sell with a net value of VND192bn on HSX. They sold HPG, MSN, and BID the most with net values of VND62bn, VND46bn, and VND14bn, respectively.

Global oil prices reached new peaks that made Energy stocks to outperform the broad market, namely PVT (+2.6%), PVD (+1.8%), PVS (+1.6%), OIL (+1.3%), and BSR (+1.5%).

Cash flowed into some constituents of the VN30 such as BID (+1.1%), CTG (+1.7%), HPG (+1.0%), PNJ (+1.6%), ROS (+1.3%), SBT (+1.7%), SSI (+1.3%), VJC (+2.4%), and TCB (+1.8%). Among which, traders expected that the business result of VJC would rebound when the government has considered allowing some international routes to be reopened to Japan and Korea.

In contrast, EIB (-0.2%), MSN (-0.7%), NVL (-1.2%), and SAB (-0.7%) closed in red territory.

Based on the sharp gaining session, the short-term uptrend is confirmed again. The target is a zone 910-930 pts due to the breakout of the downward channel. Therefore, traders should increase their long position and focus on leading stocks.

### Breaking news

- ▶ Vietnam: Manufacturing PMI drops further amid the COVID-19 resurgence

According to the latest report from IHS Markit, manufacturing conditions deteriorated markedly in August as the Vietnam manufacturing PMI index in August recorded just 45.7, below the neutral level of 50. More details, reductions in output, new orders, new businesses, staffing levels, and also weak demand were putting a drag on the manufacturing sector. Additionally, the manufacturers' confidence regarding the future outlook for business conditions, particularly the 12-month outlook for production, dropped somewhat compared to July although the sentiment remained positive. (IHS Markit)

## Macro & strategy

### September strategy

#### FOL stocks

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- ▶ Local money is not running out of steam

Total investors' money deposit at securities companies almost doubled to VND31tn (based on data of the largest 40 companies) in 1H20, which reduced the negative effect of lower outstanding margin lending. Despite not being new, local money is not running out of steam yet. Money available for trading (margin + customer deposit) is 17x of the daily average trading value of Aug 2020, which is twice that of Mar 2018 when the stock market peaked at 1,204, implying that the market is not overbought.

- ▶ Foreign money finds another way to Vietnam

Putting VND14.7tn net buy in June thanks to VND15.9bn inflow into Vinhomes JSC (VHM) aside, foreigners kept withdrawing money out of the country. However, breaking down the overall picture into pieces, some of the selling money may have returned to Vietnam as this group has found an alternative way to invest in Vietnam, especially into FOL stocks. Since the listing of SSIAM VN FinLead ETF in March and VFM VN Diamond ETF in May, foreigners bought a net VND2,451bn of these two fund certificates, 40% of VND5,755bn net sell value of stocks and other ETFs. We do not know yet when foreigners will turn around to be net buyers in Vietnam but when they do, these ETFs will be likely their top list.

► September strategy: FOL stocks

Looking at the VNIndex chart, a break above 900 will push the index up to resistance 950 while a reversal will pull it back to support 850. Because our year-end target for the VNIndex is still between 900-1,000, assuming that interest rate remains low and the economy recovers markedly, we expect to see the bullish scenario in September. Of note, FOL stocks may be the best performers given the consistent strong foreign inflow into VFM VN Diamond and SSIAM VN FinLead ETFs.

► September top 5

Taking into account the consistent foreign inflow to the above ETFs, we would like to recommend 5 FOL stocks including FPT (FPT), MobileWorld (MWG), Khang Dien House (KDH), Phu Nhuan Jewelry (PNJ), and Techcombank (TCB).

## New listing & Public offerings

► **New listing**

(VND bn, share, VND)

| Date of listing | Ticker | Company                     | Exchange | Charter | Listed Shares | Reference price |
|-----------------|--------|-----------------------------|----------|---------|---------------|-----------------|
| 9/4/2020        | HUX    | Thua Thien Hue Minerals JSC | UPCoM    | 113.4   | 11,338,648    | 10,000          |

► **Public offerings**

(VND bn, share, VND)

| Date of auction | Ticker | Company  | Charter | Offered Shares | Min Bid | Note                                 |
|-----------------|--------|--|---------|----------------|---------|--------------------------------------|
| 9/16/2020       | VICOSA | Vinacomin Shipping Agency JSC                          | 25.0    | 52,255         | 182,200 | -                                    |
| 9/14/2020       |        | Vinh Son JSC   | 1,150.0 | 4,588,500      | 201,042 | Whole lot sale                       |
| 9/11/2020       | IBD    | Binh Duong General Printing JSC                        | 90.0    | 4,514,300      | 12,600  | Local investors only                 |
| 9/11/2020       | TQMC   | Tuyen Quang Minerals JSC                               | 25.0    | 1,275,000      | 33,000  | Whole lot sale                       |
| 9/10/2020       | AFX    | An Giang Agriculture and Foods Import-Export JSC       | 350.0   | 17,850,000     | 18,900  | Whole lot sale; Local investors only |
| 9/9/2020        |        | Vinh Long Real Estate JSC                              | 26.5    | 1,937,770      | 30,600  | Whole lot sale                       |
| 9/4/2020        | TEL    | Telecommunication Project Construction Development JSC | 50.0    | 2,450,000      | 21,801  | -                                    |

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- 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**

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- 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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