

# Xin Chao Vietnam

## Market performance

	4 Sep	1D	1M	3M	YTD
VNIndex (pt, % chg.)	901.54	(0.3)	8.9	2.0	(6.2)
Turnover (VND bn)	6,646				
VN30 (pt, % chg.)	840.54	(0.4)	9.4	2.0	(4.4)

## Major indicators

	4 Sep	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.55	(0.1)	(0.1)	(0.5)	(0.9)
3-yr gov't bonds (% bp chg.)	1.06	(0.2)	(0.0)	(0.6)	(0.6)
VND/USD (% chg.)	23,183	(0.0)	(0.1)	0.3	(0.0)
VND/JPY (% chg.)	21,830	(0.1)	0.4	(2.4)	(2.3)
VND/EUR (% chg.)	27,513	(0.2)	(0.8)	(5.1)	(5.6)
VND/CNY (% chg.)	3,390	(0.2)	(2.0)	(3.5)	(1.8)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.65	0.0	0.1	(0.2)	(1.3)
WTI (USD/bbl, % chg.)	41.53	0.4	(0.4)	11.0	(32.0)
Gold (USD/oz, % chg.)	44.19	0.3	(0.5)	10.5	(33.0)

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
BCM	115.4	PLX	(163.3)
GTN	103.8	HDG	(20.0)
BID	36.8	HCM	(11.0)
HPG	23.0	DBD	(6.5)
VIC	22.1	VCI	(6.4)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
PLX	192.1	BCM	(122.3)
VNM	57.6	VHM	(72.0)
CTG	40.2	VCB	(53.2)
VRE	32.5	BID	(26.4)
HPG	16.9	NVL	(17.5)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Others	2.4	Telecommunication	(6.9)
Diversified Financials	1.9	Software & Services	(2.3)
Capital Goods	0.3	Health Care	(1.4)
F&B	0.3	Utilities	(1.2)
Real Estate	0.1	Energy	(0.9)

## WHAT'S NEW TODAY

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### 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	191,785	119,519	29.6	14.8	2.6	13.6	17.8
2019	238,659	144,922	24.3	13.4	2.3	11.0	17.4
2020F	261,642	146,123	0.7	13.2	2.0	9.2	15.3
2021F	293,650	165,232	14.3	11.6	1.8	8.1	15.3

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)	21.2	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

#### Short-term profit-taking

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Vietnam stock markets reversed to go down amid a sell-off in the U.S. financial market.

At the close, the VNIndex fell by 0.27% to close at 901.5 pts. Meanwhile, trading volume decreased to 333 million shares or VND6,646bn.

Foreign investors resumed selling with a net value of VND15bn on HSX. They sold BCM, VHM, and VCB the most with net values of VND122bn, VND72bn, and VND53bn, respectively.

Banking was the worst sector due to VCB (-1.5%), BID (-0.2%), HDB (-0.3%), TCB (-0.78%), ACB (-0.5%), MBB (-0.8%), STB (-0.9%), and VPB (-1.1%).

Reduction of oil price pushed Energy stocks down, namely GAS (-1.6%), PVT (-0.8%), PVD (-0.9%), PVS (-0.8%), POW (-1.0%), and PLX (-1.0%).

In contrast, Brokerage tickers were the market leaders due to SSI (+1.0%), HCM (+2.6%), and VND (+0.8%).

Some constituents of the VN30 outperformed the benchmark index such as CTG (+0.1%), MSN (+1.6%), TCH (+2.1%), VHM (+0.5%), VNM (+0.2%), and VRE (+1.4%).

Despite the contraction, the short-term uptrend is still intact. 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: Export demand drives industrial growth

In August, production levels in most industries were slowing down but at a slight pace, primarily due to the impact of the COVID-19 resurgence in late July. As a result, data showed that production in some domestic demand-driven industries contracted at a modest pace under the current circumstances. On the other hand, export-driven industries remained push factors for industrial growth. Overall, in the month, the IIP dropped by 0.57% YoY after increasing in June and July, mostly attributed to a slowdown in the manufacturing sector (-0.08% YoY) and a contraction in the mining sector (-5.11% YoY). Besides, the electricity production & distribution sector was down by 0.69% YoY, while water supply & other related activities increased by 2.23% YoY. (KIS, GSO)

## Macro & strategy

### Chart of the day

#### Break out the 900-pts threshold

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#### ▶ Market performance

The VNIndex recorded five gaining weeks in a row as cash flowed into the Banking sector and members of Vin group.

#### ▶ Chart: The medium-term uptrend is confirmed again

The VNIndex breaks out the 900-pts threshold confirmed the uptrend in the medium and short term. Besides, the index closes above moving averages, such as the 20-period moving average and 50-period moving average, while these go up. That supports the bullish signal.

Based on the breakout of the downside channel, the target is around 910-930 pts. 875 pts zone, MA 50, plays as a significant support level; the bear will completely control the market if this zone is broken. On the upside, 910 pts set the medium-term resistance.

→ The bullish market is dominant in the short term thanks to the breakout.

- ▶ Technical strategy: Hold the long position

As mentioned above, the VNIndex can reach at 910-930 pts. Thus, investors should increase their long position and focus on leading sectors such as Banking.

## September Macro view

### Further economic recovery but with uncertainty on FDI

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- ▶ Trade to grow modestly

GSO's estimates show modest growth in trade value in August 2020 as export and import rose by 2.49% YoY and 2.85% YoY. Consequently, the trade balance recorded a one-year-high surplus at USD3.5bn. The mix of consumer buying tendency among our essential partners and the dong's stability against the U.S dollar are two main reasons explaining for variation in trade growth. We predict that exports will increase by 2.62% YoY, and imports will increase by 3.16% YoY in September 2020 as the U.S consumer sentiment seems to improve in the next period.

- ▶ CPI to decline as momentums seems exhausted

The Consumer Price Index (CPI) slowed down as increasing by 0.07% MoM and 3.18% YoY. CPI is losing its upward momentum as gasoline and pork prices became more stable. We use this pattern to predict that CPI will slightly decrease by 0.02% MoM and 2.82% YoY in September 2020.

- ▶ FDI remains depressed under uncertainties

Recent developments of the outbreak domestically and globally are deteriorating the global investors' investment confidence. August data showed FDI inflows were disrupted to the unseen levels in recent years. Looking forward, it is unlikely that the FDI situation turned any better in the near term.

- ▶ Export demand drives industrial growth

August data confirmed our view for the industrial sector that the manufacturing recovery would be modest but steady, driven by the export demand. However, the upward momentum would likely be not as strong as in recent months. Based on current information and looking forward, we expect the IIP would grow about 0% - 3% in September.

## New listing & Public offerings

### ▶ Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
9/28/2020	TBD	Dong Anh Electrical Equipment Corporation - JSC	282.6	13,131,632	153,100	Whole lot sale
9/17/2020		Phat Tai JSC	18.1	50,000	27,210	Whole lot sale
9/16/2020	VICOSA	Vinacomin Shipping Agency JSC	25.0	52,255	182,200	-
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

- **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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