

Xin Chao Vietnam

Market performance

	7 Sep	1D	1M	3M	YTD
VNIndex (pt, % chg.)	888.25	(1.5)	5.6	0.2	(7.6)
Turnover (VND bn)	7,518				
VN30 (pt, % chg.)	824.36	(1.9)	5.4	(0.3)	(6.2)

Major indicators

	7 Sep	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.61	0.1	(0.2)	(0.5)	(0.8)
3-yr gov't bonds (% bp chg.)	1.20	0.1	(0.1)	(0.4)	(0.5)
VND/USD (% chg.)	23,176	(0.0)	(0.0)	0.4	(0.0)
VND/JPY (% chg.)	21,820	(0.1)	0.2	(1.8)	(2.3)
VND/EUR (% chg.)	27,473	0.1	0.3	(4.3)	(5.4)
VND/CNY (% chg.)	3,393	(0.2)	(2.0)	(3.1)	(1.9)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.72	0.0	0.2	(0.2)	(1.2)
WTI (USD/bbl, % chg.)	39.15	(1.6)	(5.0)	(1.0)	(35.9)
Gold (USD/oz, % chg.)	42.06	(1.4)	(5.3)	(0.6)	(36.3)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
GAB	133.5	VNM	(33.1)
MBB	16.3	HNG	(29.0)
PLX	14.7	HPG	(19.3)
CTD	9.5	MWG	(16.0)
GEG	8.9	VIC	(15.7)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
FUEFVND	97.6	VHM	(50.8)
VNM	77.7	BID	(29.4)
HPG	35.9	MSN	(25.9)
VRE	22.3	NBB	(16.3)
KSB	16.9	HBC	(12.5)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Others	2.7	Insurance	(3.8)
Household Products	1.1	Retailing	(3.6)
Consumer Services	0.6	Technology	(3.0)
Software & Services	0.3	Utilities	(2.8)
F&B	0.1	Health Care	(2.8)

WHAT'S NEW TODAY

Market commentary & News

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Macro & strategy

- **Fundflow 31 Aug - 04 Sep:** Outflow
- **September Fixed Income view:** Slowdown in G-bond markets

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	13.0	2.0	9.1	15.3
2021F	293,650	165,232	14.3	11.4	1.7	8.0	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

Sell-off in the afternoon session

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Vietnam stock markets reversed to fall amid high selling pressure on the Chinese financial market.

At the close, the VNIndex tumbled by 1.47% to close at 888.2 pts. Meanwhile, trading volume increased to 421 million shares or VND7,517bn.

Foreign investors reversed to buy with a net value of VND54bn on HSX. They purchased FUEVFVND, VNM, and HPG the most with net values of VND97bn, VND77bn, and VND35bn, respectively.

Banking was the worst sector due to CTG (-3.8%), VCB (-1.5%), BID (-3.6%), HDB (-1.7%), TCB (-3.0%), ACB (-1.4%), MBB (-1.9%), STB (-0.9%), and VPB (-4.1%).

Moreover, the members of Vin group underperformed the benchmark index because of VIC (-2.7%), VHM (-1.1%), and VRE (-2.8%).

Some constituents of the VN30 slid more than 3% such as FPT (-3.0%), GAS (-3.4%), MSN (-3.0%), MWG (-4.0%), POW (-3.3%), and SBT (-3.7%).

The downside risk increases in the short term due to the sharp contraction. The downtrend may be formed if the VNIndex closes below the 20-period moving average. Thus, investors should be careful and wait for the next signal to define the trend.

Breaking news

- ▶ Vietnam: CPI to decline as upward momentum seems exhausted

In August, the Consumer Price Index (CPI) slowed down as increasing by 0.07% compared to the previous month. Consequently, CPI also increased by 3.18% YoY, and its 12-month rolling inflation rate posted 3.73%, 27bps-lower than the Government target rate of 4%. Food and foodstuff (FaF) sub-index explains virtually variation in CPI this period. From our view, 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. (KIS, GSO)

Macro & strategy

Fundflow 31 Aug - 04 Sep

Outflow

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- ▶ Vietnam foreign flow

Last week, foreign selling activities maintained but with lower pressure. Net sell value recorded at USD6.3mn.

Breaking down by sectors, Real Estate, Industrials, and Materials were sold the most, net sell value recorded at USD29mn, USD5.2mn, and USD4.3mn, respectively. To be specific, this group focused on selling VHM, BCM, NVL, and HPG, fading the strong buying activities on VRE and KSB. Besides, Consumer Staples also experienced sharp selling activities due to the high divestment away from MSN. On the contrary, Energy kept attracting the most foreign demand across the market thanks to PLX. Financials and Utilities also strongly accumulated by this group due to large buy orders on CTG, BVH, and GAS, despite the solid selling pressure on VCB, BID, and HCM.

- ▶ South East Asia ETF flow

The flow of money across SEA recorded at negative value (USD3mn) after eight consecutive weeks attracting money inflow. To be specific, major countries such as Indonesia, Thailand and Malaysia recorded the outflow of money as well as money inflow across Singapore recorded at the low level compared to the previous month.

Vietnam kept maintaining the positive flow of money but money inflow has slowed down. Net inflow recorded at USD0.4mn, the lowest level since July 2020. Of which, VFMVN Diamond ETF was the main driver which attracted the total of USD1.3mn despite the outflow of Premia MSCI Vietnam (USD0.9mn) last week.

September Fixed Income view

Slowdown in G-bond markets

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► No activity in OMO

SBV used neither the repo contract nor T-bill issuance for intervening in the reserve market in August. The current development in the first lending market and natural lower bound of overnight funding costs were probable reasons for recent SBV's arrangement. We argue that OMO's silence will remain in the next month to wait for signals from lending markets.

► Interbank rates to change slightly

Interbank rates continued staying low while the trading value slightly decrease from the one-year high last month. Slowdown in total credit partly explain the tendency of interbank rates in recent months. According to our argument about the relationship between credit growth and interbank rates and recent movements of interbank market, we predict that the ON rate will stay as the same level as few recent months.

► Slowdown in G-bond markets

In August, participants from both buy and sell sides were acting less aggressively in August compared to previous months, especially from the buy side. Excess liquidity remained the main factor moving the bond yields although slowing down significantly from the high record in July. Looking forward, if credit growth started accelerating in the near term, the yield curve would likely be shifted upward, and the right tail (longer-term yields from 10-year to 30-year) would see a more significant change.

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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