

Xin Chao Vietnam

Market performance

	8 Sep	1D	1M	3M	YTD
VNIndex (pt, % chg.)	890.14	0.2	5.8	(1.1)	(7.4)
Turnover (VND bn)	5,403				
VN30 (pt, % chg.)	827.57	0.4	5.8	(1.3)	(5.9)

Major indicators

	8 Sep	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.64	0.0	(0.1)	(0.4)	(0.8)
3-yr gov't bonds (% bp chg.)	1.22	0.0	(0.1)	(0.4)	(0.5)
VND/USD (% chg.)	23,178	(0.0)	(0.0)	0.4	(0.0)
VND/JPY (% chg.)	21,807	(0.0)	0.3	(1.7)	(2.2)
VND/EUR (% chg.)	27,395	0.3	(0.4)	(4.0)	(5.2)
VND/CNY (% chg.)	3,391	0.1	(1.9)	(3.1)	(1.9)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.69	(0.0)	0.1	(0.2)	(1.2)
WTI (USD/bbl, % chg.)	38.31	(3.7)	(7.1)	0.3	(37.3)
Gold (USD/oz, % chg.)	41.36	(1.5)	(6.8)	1.4	(37.3)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
FUESSVFL	24.2	PLX	(16.6)
VHM	7.6	HNG	(15.0)
HPG	6.8	E1VFN30	(7.0)
MSN	6.0	HDG	(4.2)
MBB	3.7	VCB	(3.8)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
PLX	24.3	VIC	(110.3)
VRE	17.1	VNM	(75.8)
SAB	8.8	VCB	(75.1)
KBC	6.8	VHM	(63.7)
DPM	6.6	HPG	(59.2)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Others	4.4	Telecommunication	(4.4)
Pharmaceuticals	3.0	F&B	(0.5)
Retailing	2.8	Real Estate	(0.4)
Diversified Financials	2.2	Health Care	(0.1)
Technology	2.1	Consumer Services	(0.1)

WHAT'S NEW TODAY

Market commentary & News

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Sector & company report

- **Property Development:** Sector In-depth

New listing & Public offerings

KIS market view

	OP	NP	EPS growth	PE	PB	EV/EBITDA	ROE
	(VND bn)	(VND bn)	(% yoy)	(x)	(x)	(x)	(%)
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

Intraday rebound

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After the sell-off session, Vietnam stock markets resumed its uptrend thanks to the rebound of Asian financial market.

At the close, the VNIndex gained 0.21% to close at 890.1 pts. Meanwhile, trading volume decreased to 280 million shares or VND5,403bn.

Foreign investors resumed selling with a net value of VND428bn on HSX. They sold VIC, VNM, and VCB the most with net values of VND110bn, VND75bn, and VND75bn, respectively.

Banking was the market leader because of CTG (+2.2%), BID (+0.6%), HDB (+0.7%), TCB (+1.4%), MBB (+0.6%), STB (+0.4%), VPB (+1.8%), and EIB (+1.2%).

Moreover, some constituents of the VN30 jumped more than 1% such as FPT (+2.0%), MWG (+3.1%), PNJ (+1.5%), SBT (+1.0%), and SSI (+2.9%).

In contrast, VCB (-1.3%), VIC (-1.0%), VNM (-1.4%), ACB (-1.0%), and CTD (-1.6%) closed in red territory.

The market sentiment has become positive, but the downside risk is still intact in the next session. Notably, the 900-pts threshold is significant resistance. Thus, investors should be careful and wait for the next signal to define the trend.

Breaking news

▶ Vietnam: Slowdown in G-bond markets

In the primary G-bond market, participants from both buy and sell sides were acting less aggressively in August compared to previous months, especially from the buy side. According to HNX, there was VND30.0tn was being offered in August, just about 40% of July's level, while the bidding value dropped by 65% mom to about VND60.3tn. As a result, VND22.85tn was successfully issued, down by 61.05% mom. The winning yields remained relatively stable for all tenors compared to July's levels. 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. (KIS, HNX)

Sector & company

Property Development

Neutral (Maintain)

Sector In-depth: Brace for a bass note

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▶ A temporary pause in the sonata

This outbreak is likely to influence sentiment and potentially see buyers shy away from viewings until the situation is under control. The diminishing rental yield may deter the buy-to-let demand. Travel curtailment also means that foreign purchases will slow down in the short-term, thus possibly affecting luxury segment. Primary sales could decrease by 20-30% in FY20 while the secondary market will also be slower. Pricing could likely take a slight 2-3% increase. However, the enormous promotion program coupled with favourable mortgage rates stimulus the transaction.

▶ A silver lining from governmental relief actions

The surge in transportation infrastructure investment in FY20-21F to some key projects could alleviate the pressure on slower income growth outlook and create inter-province linkages for housing development in suburban areas in the medium term. Meanwhile, we expect some amendments in Real Estate Law could remove the regulatory roadblocks in FY21F which help relax the new supply. Some stimulus packages to affordable houses expected in 4Q20F could comprehensively nurture the

homebuyers' affordability.

- Conclusion: Maintain NEUTRAL as caution likely to prevail amid uncertainty

The COVID-19 pandemic has amplified the existing headwinds and this situation is likely to persist at the top of many buyers' minds in the near term. The effects of the outbreak will inevitably vary from each segment of the market where segment for local end-user demand could be least affected. Though obtaining resilient take-up rate at 60-80% for sales event still possible, the award is relatively selective and often going to specific projects with clear licensing profile and accommodative sales supports.

We maintain the sector rating Neutral to reflect 1) the risk of the outbreak re-emerging and may become a permanent feature 2) US-China cold war play out could hinder the worldwide economic recovery pace 3) possibly weak income growth due to the inefficient stimulus fiscal policy. Although there is an air of great uncertainty, it is not all gloom. The major drivers underpinning the property's performance remain firmly in place and reinforce the positive long-term prospects: 1) governmental subsidy package value of VND90tn on low cost housing market is expected to launch in 4Q20F 2) improvements in licensing process thanks to amendments of Land Law in 2Q21F 3) the soft mortgage rates alleviate pressures on homebuyer's subdued income 4) the rising infrastructure spending to some key projects have linked the inter-province.

Therefore, we expect sustained high absorption rates for projects in 2020F, mostly in the mid-end condominium segment. Hence, we prefer listed developers that have sizable projects that have already obtained the regulatory permits and are scheduled for launch in 2020F.

Please click on the underlined companies and sectors to see the full reports.

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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