

Xin Chao Vietnam

Market performance

	25 Sep	1D	1M	3M	YTD
VNIndex (pt, % chg.)	908.27	(0.0)	3.9	6.3	(5.5)
Turnover (VND bn)	6,210				
VN30 (pt, % chg.)	854.71	0.2	4.8	7.3	(2.8)

Major indicators

	25 Sep	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.47	(0.1)	(0.1)	(0.4)	(1.0)
3-yr gov't bonds (% bp chg.)	0.99	(0.1)	(0.2)	(0.4)	(0.7)
VND/USD (% chg.)	23,210	(0.1)	(0.2)	(0.0)	(0.2)
VND/JPY (% chg.)	22,018	(0.1)	(1.1)	(1.7)	(3.2)
VND/EUR (% chg.)	27,075	0.1	1.1	(3.5)	(4.1)
VND/CNY (% chg.)	3,402	(0.2)	(1.5)	(3.7)	(2.2)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.66	(0.0)	(0.0)	(0.0)	(1.3)
WTI (USD/bbl, % chg.)	40.44	0.3	(6.7)	4.4	(33.8)
Gold (USD/oz, % chg.)	42.13	0.5	(8.1)	2.6	(36.2)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
CRE	73.3	TCB	(51.0)
HPG	52.2	FUEVFNVD	(15.8)
VCB	30.1	FUESSVFL	(15.3)
FLC	19.0	DHC	(6.2)
MWG	18.8	HSG	(5.4)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VCB	42.6	HPG	(52.9)
FUEVFNVD	19.6	VNM	(24.3)
FUESSVFL	14.8	SSI	(20.8)
DPM	12.6	VIC	(20.1)
BVH	5.1	CII	(14.9)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Household Products	4.0	Health Care	(2.3)
Telecommunication	3.7	Software & Services	(1.3)
Insurance	0.6	Media & Entertainment	(1.2)
Technology	0.6	Others	(1.0)
Automobiles	0.5	Pharmaceuticals	(0.9)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Cautious in the short term
- **EU:** Private consumption weakens in Europe with the COVID-19 outbreak accelerating

Macro & strategy

- **Chart of the day:** Temporary weakness
- **ETF Review:** Local Vietnam ETFs' review – 4Q20

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	13.3	2.0	9.1	15.3
2021F	293,650	165,232	14.3	11.6	1.8	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)	(31.7)	25.0	5.0	2.2	(4.5)	3.7
China GDP (% yoy)	(6.8)	3.2	5.2	6.0	6.1	2.1	8.0

Source: KIS, Bloomberg

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Market commentary & News

Market commentary

Cautious in the short term

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Vietnam stock markets recorded the contraction last Friday. However, the VNIndex moved in a tight range, closing almost unchanged at 908.2 pts. Meanwhile, trading volume decreased to 348 million shares or VND6,210bn.

Foreign investors resumed selling with a net value of VND131bn on HSX. They sold HPG, VNM, and SSI the most with net values of VND52bn, VND24bn, and VND20bn, respectively.

Selling pressure pushed some key constituents of the VN30Index down such as GAS (-0.5%), KDH (-0.8%), MSN (-0.5%), MWG (-0.6%), POW (-0.9%), SSI (-0.6%), and VRE (-0.7%).

In contrast, cash flowed into Material namely, HSG (+2.0%), HPG (+0.4%), and NKG (+1.0%). Investors expected that their Business Results in 3Q20 would improve.

Moreover, some large-cap ticker increased by more than 5%, such as STB (+6.8%) and SBT (+5.1%)

Despite the second contraction session, the short-term uptrend is still intact as the VNIndex closed above the 900-pts threshold. Therefore, investors should hold their long position and focus on leading tickers.

Breaking news

- ▶ EU: Private consumption weakens in Europe with the COVID-19 outbreak accelerating

From the latest report of the leading IHS Markit, the Flash PMI indices gave mixed signals by country and sector. On the one hand, the Flash manufacturing PMI index was growing at the fastest pace of 53.7 index point since February 2018, primarily driven by the expansion of Germany's manufacturing sector. On the other hand, the services sector tumbled across the region as the PMI index for this sector recorded just 47.6 index point, declining for the first time since May, due to the resurgence of the pandemic in several major economies. (IHS Markit)

Macro & strategy

Chart of the day

Temporary weakness

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- ▶ Market performance

The VNIndex kept the rigid price movement last week when the June's peak is approached.

- ▶ Chart: Uptrend is still active

Upward crossover between MA20 and MA50 is confirmed and these MAs have sloped up as well as compression between MA50 and MA200 is confirmed, the medium- and long-term uptrend is still active.

The Index's closing price was above 900 pts but upward momentum has shown some weakness.

To be specific, narrow spread candles occurred with above average volume near June's peak as well as upper Bollinger band has turned flat, signaling the temporary weakness.

With congestion area, 900 pts (MA20) will act as weekly support, followed by 880 pts area. On the upside, 900-910 pts zone is defined as the significant resistance area, followed by 940 pts.

➔ The Index is expected to enter the short-term correction phase or keep the range bound movement this week.

- ▶ Technical strategy: Only buy when correction phase occurs

As mentioned above, the Index already shown some sign of weakness near June's peak. Therefore, investors should continue to hold the current positions. For new positions, only buy when price collapses.

ETF Review

Local Vietnam ETFs' review – 4Q20

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▶ VN30-Index review – 4Q20

In this review, VN30Index will not add or remove stocks but only adjust weights of VN30's constituents according to the new free float rate.

Based on data as of 24 Sep 2020, we expect that E1VFN30 ETF will buy EIB the most with 3.7 million shares. On the sell side, HPG will be sold heavily with net million shares of 0.8 million shares.

The results will be announced on 16 Oct 2020, the new weight will be effective on 19 Oct 2020.

▶ VNFIN LEAD Index review – 4Q20

In this quarterly review, VNFIN LEAD Index rebalances its weight. We expect SSIAM VNFIN LEAD ETF will buy the most EIB with 1.3 million shares. On the sell side, CTG will be sold heavily with 1.2 million shares.

The results will be announced on 16 Oct 2020, the new weight will be effective on 19 Oct 2020.

▶ VN DIAMOND Index – 4Q20

We forecast that VN DIAMOND Index will not add ticker but remove DXG in this quarterly review.

VFMVN DIAMOND ETF is expected to buy 4.2 million GMD shares and sell 6.4 million DXG shares.

The results will be announced on 16 Oct 2020, the new weight will be effective on 19 Oct 2020.

New listing & Public offerings

▶ Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
10/21/2020		Vinh Son JSC	1,150.0	4,588,500	201,042	Whole lot sale
10/16/2020		Mua Xuan Agriculture Center	29.8	700,938	10,000	IPO
10/9/2020	AGFERRY	An Giang Ferry One Member Company Limited	167.5	5,291,520	16,720	IPO
10/6/2020	BWE	Binh Duong Water Environment JSC	1,500.0	37,500,000	25,500	-
10/5/2020	LIBREXCO	Tien Giang Livestock Breeding Company	51.0	4,968,600	10,000	Whole lot sale
9/28/2020	TBD	Dong Anh Electrical Equipment Corporation - JSC	282.6	13,131,632	153,100	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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