

Xin Chao Vietnam

Market performance

	29 Sep	1D	1M	3M	YTD
VNIndex (pt, % chg.)	903.98	(0.9)	2.8	9.0	(5.9)
Turnover (VND bn)	8,527				
VN30 (pt, % chg.)	856.20	(0.8)	4.2	10.5	(2.6)

Major indicators

	29 Sep	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.56	(0.0)	(0.0)	(0.3)	(0.9)
3-yr govt bonds (% bp chg.)	1.04	(0.0)	(0.2)	(0.4)	(0.6)
VND/USD (% chg.)	23,187	0.0	(0.1)	0.1	(0.1)
VND/JPY (% chg.)	21,957	0.1	(0.4)	(1.8)	(2.9)
VND/EUR (% chg.)	27,120	(0.5)	1.9	(3.9)	(4.2)
VND/CNY (% chg.)	3,400	0.1	(0.5)	(3.7)	(2.1)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.65	(0.0)	(0.1)	0.0	(1.3)
WTI (USD/bbl, % chg.)	40.36	(0.6)	(6.1)	1.7	(33.9)
Gold (USD/oz, % chg.)	42.24	(0.4)	(6.2)	1.3	(36.0)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VIC	30.3	VNM	(25.0)
FLC	22.9	GTN	(24.6)
MWG	22.6	HPG	(22.9)
VCB	18.8	HSG	(22.6)
TCB	12.4	FUESSVFL	(15.3)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
FUESSVFL	15.3	VNM	(176.0)
DCM	14.7	VHM	(79.4)
PLX	4.7	VIC	(46.4)
DMC	4.3	GAS	(33.9)
FUEVFVND	4.3	GEX	(31.9)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Automobiles	1.3	Insurance	(2.9)
Retailing	0.6	Software & Services	(2.8)
Others	0.1	Technology	(1.8)
F&B	0.0	Household Products	(1.8)
		Banks	(1.6)

WHAT'S NEW TODAY

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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	2.2	13.1	2.0	9.1	15.5
2021F	293,650	165,232	14.1	11.5	1.8	8.0	15.4

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)	25.1	5.0	2.2	(4.4)	3.8
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

Sell-off at the ATC session

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Vietnam stock markets reversed to go down yesterday after GSO announced the Vietnam GDP of 2,62% in 3Q20.

At the close, the VNIndex lost 0.93% to close at 903.9 pts. Meanwhile, trading volume increased to 465 million shares or VND8,527bn.

Foreign investors resumed selling with a net value of VND593bn on HSX. They sold VNM, VHM, and VIC the most with net values of VND175bn, VND79bn, and VND46bn, respectively.

Banking was the worst sector due to CTG (-2.0%), VCB (-1.6%), BID (-1.6%), TCB (-1.3%), MBB (-1.8%), STB (-3.6%), and EIB (-1.2%).

Moreover, Real Estate and Energy underperformed the benchmark index such as VIC (-1.4%), VHM (-1.7%), VRE (-1.3%), DXG (-3.4%), ROS (-2.2%), GAS (-1.0%), PVT (-1.1%), PVD (-2.1%), PVS (-2.9%), and PLX (-1.4%).

In contrast, some constituents of VN30, namely KDH (+0.8%), MWG (+0.4%), and TCH (+2.6%), closed in green territory.

Based on the selling pressure, the downside risk increases in the next session. However, the uptrend of the VNIndex is still intact. Therefore, investors may be held their long position and focus on leading tickers.

Breaking news

- ▶ Vietnam: Industrial growth keeps steady pace in September

Regarding the real production level, the industrial production marked a five-month recovery since April, maintaining roughly pre-crisis levels since July. Specifically, IIP was growing sustainably by 2.3% MoM and 3.8% YoY, and this growth in September was driven by both domestic-demand (foods, beverages, materials industries, etc.) and foreign-demand industries (garment, footwear, electronics industries, etc.). The manufacturing sector (growing 3.16% MoM and 4.59% YoY) was contributing the most to the robust industrial recovery. Meanwhile, the mining sector (declining 0.12% MoM and 5.67% YoY) remained subdued for a long period although its decreasing pace slowed down significantly. Besides, the production level of electricity production & distribution declined by 2.50% MoM but increasing 5.46% YoY, while those of the water supply sector rose strongly by 3.64% MoM and 5.29% YoY. (GSO, KIS)

Macro & strategy

Economic Flash

GDP bounces back into growth

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- ▶ Services sector mainly lifts GDP growth

According to GSO, GDP growth rebounded to 2.62% YoY after sliding to the record-low level since the global financial crisis. Given that GDP at constant 2010 price to expand at the same pace in the next quarter, the growth rate in this period did not surprise the market as it is quite near to most current expectations such as World Bank, IMF, and ADB. Also, the figure tends to be in line with the authority's expected range at 2%-2.5%.

- ▶ Trade grows at a double-digit rate

GSO's estimates show considerable growth in trade value in September 2020 as export and import rose by 18.02% YoY and 11.63% YoY, posting USD27.50bn and USD24.00bn. Consequently, the trade balance recorded a one-year-high surplus at USD3.5bn.

- ▶ Investment plans are on hold amid uncertainties

In September, FDI inflows to the Vietnam economy remained quiet, especially a slowdown that was seen clearly from newly and additionally registered FDI numbers. It is apparent that the COVID-19 pandemic was the main cause as it, on the one hand, ruins the global investors' confidence, and the government also requires strict restrictions on global mobilization to Vietnam to halt the outbreak.

- ▶ Industrial growth keeps steady pace

In September, the industrial production marked a five-month recovery since April, maintaining roughly pre-crisis levels since July. Specifically, IIP was growing sustainably by 2.3% MoM and 3.8% YoY, and this growth in September was driven by both domestic-demand and foreign-demand industries. VNFIN Lead, VFMVN Diamond ETF, and X FTSE Vietnam were the main contributors which attracted the total of USD7mn last week.

Sector & company

Banking

Overweight (Maintain)

Brief: Tracking Circular 01

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- ▶ Extension of COVID-19 restructuring to be announced in October

An amendment of Circular 01/2020/TT-NHNN on COVID-19 debt restructuring, exemption or reduction of interest and/or fees, and retention of debt category, may be finalized and announced soon in Oct 2020, cited by a SBV's representative in recent interview by Baodautu. Main change in the amendment is the extension of debts subjected for restructuring, that includes debts disbursed "in period from 23 Jan 2020 to 10 June 2020" vs. "in period from 20 Jan 2020 to 24 April 2020" in the previous draft version announced in May 2020, and vs. "before 23 Jan 2020" in the Cir.01. This provides credit institutions a leeway to assist severe impacted debtors and enables them to contain NPL ratio and credit cost in 2020 and 2021 at manageable levels. Besides, principle or interest obligation incurred "from 23 Jan 2020 to 31 Dec 2020" is eligible for restructuring.

The reclassification of restructured loans unable to repay principal and/or interest was not mentioned. Since the economy has rallied resiliently, we think that the regulator may keep the existing frame and categorize overdue COVID-19 restructured loans as NPLs.

- ▶ Restructured debts move up in 3Q20

In 3Q20 Press Conference, SBV said that credit demand remained weak with a YTD growth of 4.81% while total means of payment (M2) increased by 7.58% as of mid-Sep. The whole system's on-balance-sheet NPL ratio moved up to 1.96% as of August-end from 1.86% in May 2020 and 1.63% in 2019-end. Real NPL ratio which includes VAMC bonds, other non-performing assets and doubtful assets was 4.48%.

Total outstanding of COVID-19 impacted loans was VND2,270tn in mid-Sep, equivalent to 25% of country's credit, an increase of ~2 %p from April 2020. Total balance of loans having rescheduled payment terms based on Cir.01 reached VND321tn as of 14 Sep (~3.7% of country's credit), keep increasing from 2Q20.

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
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

- **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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