

Xin Chao Vietnam

Market performance

	7 Oct	1D	1M	3M	YTD
VNIndex (pt, % chg.)	919.72	0.4	3.5	6.5	(4.3)
Turnover (VND bn)	8,623				
VN30 (pt, % chg.)	870.85	(0.1)	5.6	8.1	(0.9)

Major indicators

	7 Oct	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.52	0.0	(0.1)	(0.3)	(0.9)
3-yr govt bonds (% bp chg.)	0.93	0.2	(0.3)	(0.5)	(0.7)
VND/USD (% chg.)	23,199	0.0	(0.1)	(0.0)	(0.1)
VND/JPY (% chg.)	21,872	0.4	(0.3)	(1.4)	(2.5)
VND/EUR (% chg.)	27,231	0.5	0.9	(3.5)	(4.6)
VND/CNY (% chg.)	3,416	0.0	(0.7)	(3.2)	(2.6)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.77	0.0	0.1	0.1	(1.1)
WTI (USD/bbl, % chg.)	39.73	(2.3)	(0.1)	(2.2)	(34.9)
Gold (USD/oz, % chg.)	41.82	(1.9)	(0.5)	(2.9)	(36.6)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
FLC	56.2	YEG	(56.6)
E1VFN30	29.5	DBD	(36.9)
HPG	24.5	MBB	(28.8)
KBC	13.5	VNM	(28.1)
VHM	12.6	MSN	(25.1)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VCB	21.1	VNM	(100.5)
MSN	15.3	HSG	(31.4)
DXG	13.5	CII	(26.5)
VHM	11.0	E1VFN30	(24.9)
VPB	9.0	CTG	(18.8)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Health Care	3.0	Others	(1.5)
F&B	2.2	Materials	(1.0)
Insurance	2.1	Energy	(0.7)
Retailing	2.0	Automobiles	(0.7)
Telecommunication	1.8	Commercial Services	(0.6)

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	3.0	13.2	2.0	9.4	15.4
2021F	293,650	165,232	14.1	11.6	1.8	8.2	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)	25.3	5.0	2.2	(4.3)	3.7
China GDP (% yoy)	(6.8)	3.2	5.1	6.0	6.1	2.1	8.0

Source: KIS, Bloomberg

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Market commentary & News

Market commentary

MSN jumps 6.7%

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Vietnam stock markets maintained its uptrend as the global financial market recovered after the U.S. President suspends negotiations with the Democratic Party on a new bailout bill to reduce the impact of the COVID-19 epidemic.

At the close, the VNIndex gained 0.44% to close at 919.7 pts. Meanwhile, trading volume increased to 506 million shares or VND8,623bn.

Foreign investors resumed selling with a net value of VND192bn on HSX. They sold VNM, HSG, and CII the most with net values of VND100bn, VND31bn, and VND26bn, respectively.

Consumer Staple was the market leader thanks to VNM (+0.9%), MSN (+6.7%), SAB (+2.0%), and SBT (+3.4%). Among which, MSN will receive a cash dividend of VND308bn as VCF, MSN subsidiary, advances a cash dividend.

Moreover, some constituents of VN30 outperformed the benchmark index such as GAS (+2.2%), MWG (+2.2%), ROS (+3.8%), VCB (+1.3%), VHM (+0.9%), VIC (+0.7%), and VRE (+1.0%). Among these, the net income of GAS reached VND6,000bn (-34% YoY) and completed about 90% of the year plan in the first nine months.

In contrast, selling pressure pushed a few key tickers down more than 2% namely STB (-3.5%), TCB (-2.6%), ACB (-2.5%), and CTD (-6.2%).

The short-term uptrend of the VNIndex is still intact thanks to the high demand on large-cap stocks. Therefore, investors may be held their long position and focus on leading tickers.

Breaking news

- ▶ The U.S.: Manufacturing sector expands further in September

According to the latest update from IHS Markit, the U.S. manufacturing sector continued to recover further by end-September with the fastest expansion in overall output since January 2019. Specifically, the U.S. Manufacturing PMI index posted 53.2 in September, following an increase of 53.1 in August. Main driving factors for the sharp improvement in the manufacturing sector were solid expansion in the output, new orders, and also new businesses. (IHS Markit)

Macro & strategy

October Fixed Income view

Demand for G-bonds sets record high

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- ▶ OMO to excite

September witnessed the third consecutive month that SBV used neither the repo contract nor T-bill issuance for intervening in the reserve market due to a sluggish lending market. We predict OMO to accelerate because of recent SBV's rate cut and the acceleration of the credit growth in the late half of this month.

- ▶ Interbank rates to increase slightly

Interbank rates continued staying low while the trading value slightly decreased from the one-year high recorded in last month. A slowdown in lending activity 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 in recent months.

- ▶ Demand for G-bonds sets record high

In September, demand for Vietnam G-bonds was rocketing to an all-time high with abundant liquidity flooding the primary G-

bond market. Meanwhile, the yield curve by end-September was flattening with mid- and long-term yields dropping faster than those short-term yields. Looking forward to October, it is likely excess liquidity will put further downward pressure on G-bonds from 5-year to 15-year tenors.

Sector & company

Nam A Bank (NAB)

Pre-listing brief

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► Overview

Nam A Bank was established in HCM in 1992. Its total assets reached VND95tn (+26% yoy) in 2019, ranking 23/31 domestic commercial banks in Vietnam, and held 0.9% lending market share. It increased presence significantly since 2018 and achieved 105 branches and transaction offices as of June 2020. NAB retail clients account for 84% of the bank total deposits but just 30% of loans.

NAB has a condensed shareholder structure with ~84% stake owned by 162 shareholders (2020 Annual Meeting). The bank plans to raise chartered capital from VND3.9tn to VND7tn by 2020-end via stock dividend and private placement.

► Financial highlights

NAB pursues a robust growth strategy. It achieved a 2014-2019 CAGR of 34% in credit and 24% in assets. In 1H20, NAB kept its outstanding trajectory with a ytd credit growth of 13% vs. 4.65% of the whole industry. The bank's equity multiplier also mounted to 20x in 2019 from 11x in 2014. CAR came at 9.66% in 2019 (Basel I) and 8.99% in 1H20 (Basel II).

There is currently no outstanding VAMC bond as of 1H20. Receivables related to sold debts decreased from VND1.6tn as of Dec 2019 to VND1.5tn as of June 2020 and kept decreasing to VND922bn as of Aug 2020. However, NAB reported NPL ratio at 2.9% as of 1H20, an increase of 0.9%p from the beginning of the year, and NPL coverage ratio was quite small at 30%.

TOI structure skewed toward credit business as usual with 89% from NII. NFI was tiny at 7% in 1H20. Overall NIM was around 2.8-2.9% in 2018-2019 and trimmed to 2.4% in 1H20. NP saw a strong increase from VND33bn in 2016 to VND732bn in 2019. 1H20 NP reached VND160bn, decreasing 54% yoy and fulfilling 20% of 2020' guidance.

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

New listing & Public offerings

► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
10/9/2020	NAB	Nam A Commercial JSB	UPCoM	3,890.1	389,005,328	13,500

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
10/26/2020	EVF	EVN Finance JSC	2,649.8	2,650,000	17,411	-
10/26/2020	XLAG	An Giang Construction One Member Co., Ltd	287.2	7,722,638	45,400	IPO
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

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- 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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