

Xin Chao Vietnam

Market performance

	23 Oct	1D	1M	3M	YTD
VNIndex (pt, % chg.)	961.26	1.2	5.3	12.2	0.0
Turnover (VND bn)	9,460				
VN30 (pt, % chg.)	930.30	1.3	8.4	16.2	5.8

Major indicators

	23 Oct	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.52	(0.0)	0.0	(0.2)	(0.9)
3-yr gov't bonds (% bp chg.)	0.99	0.0	0.2	(0.3)	(0.7)
VND/USD (% chg.)	23,178	(0.0)	0.0	0.0	(0.0)
VND/JPY (% chg.)	22,140	(0.2)	(0.6)	(2.0)	(3.7)
VND/EUR (% chg.)	27,359	0.4	(0.9)	(1.8)	(5.1)
VND/CNY (% chg.)	3,475	(0.3)	(2.0)	(4.8)	(4.2)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.85	(0.0)	0.2	0.3	(1.1)
WTI (USD/bbl, % chg.)	40.86	0.5	2.3	(0.5)	(33.1)
Gold (USD/oz, % chg.)	42.73	0.6	2.3	(1.3)	(35.3)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VIC	365.2	CTD	(27.0)
TCB	90.1	HPG	(22.9)
VHM	56.7	SHP	(9.7)
VNM	56.5	DHC	(7.1)
FLC	42.6	GAB	(6.4)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	86.5	MSN	(96.1)
VIC	65.0	VHM	(82.8)
VNM	10.0	VRE	(45.1)
HCM	5.2	CTG	(23.5)
FUEVFVND	4.9	SSI	(17.2)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Materials	2.8	Telecommunication	(7.0)
Real Estate	2.4	Health Care	(3.0)
Insurance	2.1	Diversified Financials	(0.3)
F&B	1.7	Consumer Durables	(0.3)
Household Products	1.3	Utilities	(0.1)

WHAT'S NEW TODAY

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- **Long Hau Corp (LHG):** 3Q20 brief

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	3.0	14.0	2.2	9.8	15.4
2021F	293,650	165,232	14.1	12.3	1.9	8.6	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)	29.9	4.0	2.2	(4.0)	3.8
China GDP (% yoy)	(6.8)	3.2	5.0	5.9	6.1	2.1	8.0

Source: KIS, Bloomberg

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Market commentary & News

Market commentary

Sharp gains

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Vietnam stock markets maintained its uptrend thanks to some large-cap stocks, such as VIC (+3.9%), VHM (+2.6%), VNM (+3.1%), and HPG (+4.4%). These are stocks that make up a large proportion of the MSCI Frontier Markets 100 Index. After MSCI increased the weight of Vietnam from 15.7% to 28.7%, investors expected this group would be bought more by ETFs that use this index as the benchmark index.

At the close, the VNIndex gained 1.20% to close at 961.2 pts. Meanwhile, trading volume increased to 452 million shares or VND9,460bn.

Foreign investors continued to sell with a net value of VND239bn on HSX. They sold MSN, VHM, and VRE the most with net values of VND96bn, VND82bn, and VND45bn, respectively.

Some constituents of VN30Index outperformed the broad market, namely KDH (+1.8%), MWG (+1.3%), and ROS (+2.6%).

In contrast, selling pressure pushed Energy down due to GAS (-0.3%), PVT (-0.7%), PVS (-0.7%), BSR (-1.4%), and POW (-0.5%).

After the second gaining session, the market sentiment has become an optimist. That confirms the short-term uptrend. Therefore, investors may hold their long position and focus on leading tickers.

Breaking news

- ▶ Japan: Economic activity continues to slow down

According to the latest number from the au Jibun Bank Flash Japan Composite PMI report, the Flash Composite Output PMI signals further downturn in economic output in both manufacturing and services sectors in the near term amid the COVID-19 pandemic. More details, the Flash Composite PMI index recorded 46.7 index point in October, slightly higher than 46.6 in September, although lower than the neutral level of 50.0. Additionally, the Flash Manufacturing Output index is expected to post 47.0 from 46.0 in September, while the Flash Services Business Activity index is projected at 46.6 compared to 46.9 in the previous month. (au Jibun Bank, IHS Markit)

Macro & strategy

Chart of the day

Retest 990 - 1,000 pts zone

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- ▶ Market performance

The VNIndex maintained its uptrend last week, increasing the tendency to retest 990-1,000 pts area.

- ▶ Chart: There is no place for the bear

Upward crossover between MA20 and MA50 is confirmed and these MAs are moving upward parallel to each other with stable degree of separation, implying the long duration for the upward move.

As the major short-term MAs (MA5, MA15, and MA20) show the stable degree of separation, short-term upward momentum is stable.

With congestion area, the broken 940 pts zone turned around to act as the weekly support for the Index, followed by 900 pts zone. On the upside, 990-1,000 pts is the short-term resistance.

However, the Index is heading to the supply zone where the short-term correction/consolidation phase is likely to occur.

→ The short-term correction/consolidation phase is likely to occur this week.

▶ Technical strategy: Hold the positions

As mentioned above, upward resumption phase and there is the tendency for the Index to retest 990-1,000 pts area. Therefore, investors should continue to hold the current positions and buy more in correction phase.

Sector & company

Long Hau Corp (LHG)

Hold (Maintain)

3Q20 brief: Committed to grow

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▶ Lower gross margin drag 3Q20 net profit below expectation

Long Hau JSC (LHG) reported a stellar 3Q20 topline of VND72bn, up 46.2% yoy. We believe the strong growth was driven by 1) the 33-40% yoy surge in land rent in 3Q20 and 2) 0.5ha land transfer area in 3Q20 vs 0ha land area in 3Q19. The 3Q20 net profit grew to VND23bn, 25.6% yoy, in line with our 3Q20 preview report.

9M20 revenue jumped 39.4% yoy to VND460bn, making up 70% of our full-year forecast, thanks to an impressive all-round growth, including 1) the 56.6% yoy land transfer revenue growth to VND303bn 2) the 23.6% yoy rise in factory leasing to VND89bn. The exciting 9M20 revenue growth boosted 9M20 net profit to VND134bn (+37.5% yoy), beating expectations at 109.8%/77.2% of our/ management's estimates respectively.

▶ Pros and cons: A sustainable 4Q20 net profit growth

We keep assuming the 4ha backlog of land area at end-1H20 could translate into 4Q20F revenue, adding to total FY20F land sale area of 12ha. Moreover, we reflect additional VND6bn in associate income and more VND7bn financial income in FY20F as the company maintain continuous healthy cash balance. Overall, we increase new net profit forecast by 5.9% to VND174bn.

▶ Actions: Maintain HOLD at higher target price of VND20,500

We increase our target price to VND20,500 driven by a higher FY20F EPS forecast but maintain our rating Hold as we still believe LHG does not have any more offering which was the main driver of the LHG's market price rally recently. Investors highly regard its well-positioned footprint to ride on the upcoming wave of FDI which is expected to recover in FY21F-22F following the resumption of commercial flights to/from Vietnam. This catalyst has already been factored in in the short term. In the medium term, we expect the new lank bank of Long Hau industrial park 3 phase 2 could trigger a surprising business growth FY22F-23F.

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
10/28/2020	MVB	Vinacomin – Viet bac Mining Industry Holding Corp.	HNX	1,050.0	105,000,000	14,800

▶ Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
11/12/2020		Ninh Binh Urea Fertilizer Port JSC	100.0	4,900,000	15,815	-
11/11/2020	VTP	Viettel Post	830.5	4,982,876	105,500	-
11/6/2020		Industrial Gas and Welding Electrode JSC	293.5	13,840,000	26,700	Local investors only
11/4/2020	VOC	Vietnam Vegetable Oils Industry Corporation	1,218.0	44,211,900	22,690	Whole lot sale
10/26/2020	EVF	EVN Finance JSC	2,649.8	2,650,000	17,411	-
11/12/2020		Ninh Binh Urea Fertilizer Port JSC	100.0	4,900,000	15,815	-

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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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