

# Xin Chao Vietnam

## Market performance

	26 Oct	1D	1M	3M	YTD
VNIndex (pt, % chg.)	950.80	(1.1)	4.7	14.7	(1.1)
Turnover (VND bn)	8,551				
VN30 (pt, % chg.)	919.56	(1.2)	7.6	19.1	4.6

## Major indicators

	26 Oct	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.54	0.0	0.1	(0.1)	(0.9)
3-yr gov't bonds (% bp chg.)	0.96	(0.0)	(0.0)	(0.3)	(0.7)
VND/USD (% chg.)	23,177	(0.0)	0.0	0.0	(0.0)
VND/JPY (% chg.)	22,098	0.1	(0.6)	(0.5)	(3.5)
VND/EUR (% chg.)	27,465	(0.4)	(1.8)	(1.2)	(5.4)
VND/CNY (% chg.)	3,458	0.2	(1.6)	(4.2)	(3.8)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.81	(0.0)	0.2	0.2	(1.1)
WTI (USD/bbl, % chg.)	38.99	(2.2)	(3.1)	(5.6)	(36.1)
Gold (USD/oz, % chg.)	40.97	(1.9)	(2.3)	(5.5)	(37.9)

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VNG	84.0	DIG	(38.0)
VSC	65.5	FPT	(35.0)
VIC	48.8	GAB	(32.5)
VNM	15.8	VPB	(24.0)
REE	12.1	FLC	(20.1)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VNM	39.1	MSN	(154.4)
FUEVFVND	12.5	HPG	(114.9)
BVH	7.7	VIC	(59.7)
VPB	5.6	VSC	(57.7)
VHC	5.1	VCB	(34.5)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Consumer Durables	0.7	Telecommunication	(7.0)
Energy	0.5	Banks	(2.9)
F&B	0.3	Insurance	(2.9)
Automobiles	0.1	Diversified Financials	(2.7)
		Technology	(2.1)

## WHAT'S NEW TODAY

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- **U.S.:** Economic activity improves further amid COVID-19 cases accelerating

### Macro & strategy

- **Fundflow 19 - 23 Oct:** Outflow is maintained

### 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	13.8	2.1	9.8	15.4
2021F	293,650	165,232	14.1	12.1	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	3Q20	4Q20F	2019	2020F	2021F
GDP (% yoy)	3.8	0.4	2.6	5.0	7.0	4.3	5.9
Trade balance (USD bn)	1.7	0.6	7.4	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	23,206	23,188	23,197	23,231	23,214	23,206
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

#### Sell-off?

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Vietnam stock markets unexpectedly slid yesterday due to selling pressure on large-cap stocks.

At the close, the VNIndex tumbled 1.09% to close at 950.8 pts. Meanwhile, trading volume decreased to 428 million shares or VND8,550bn.

Foreign investors continued to sell with a net value of VND416bn on HSX. They sold MSN, HPG, and VIC the most with net values of VND154bn, VND114bn, and VND59bn, respectively.

Banking was the worst sector, namely CTG (-4.1%), VCB (-1.7%), BID (-4.2%), HDB (-1.8%), ACB (-3.1%), MBB (-2.4%), STB (-3.1%), VPB (-5.4%), and EIB (-1.1%). Investors were concerned about the growing total NPLs of the banking system.

Reduction of global oil price pushed Energy down thanks to GAS (-2.0%), POW (-1.9%), PVT (-1.8%), PVD (-3.5%), PVS (-2.9%), and BSR (-2.8%).

Some constituents of VN30Index fell more than 2% such as FPT (-2.0%), ROS (-2.1%), TCH (-2.2%), and VRE (-2.1%).

In contrast, KDH (+0.8%), MSN (+2.2%), PLX (+1.0%), PNJ (+1.4%), VIC (+1.0%), and VNM (+0.4%) closed in green territory. Among these, Mitsubishi Materials Corporation will become a strategic partner of MSR, a subsidiary of MSN. Accordingly, Mitsubishi Materials Corporation will buy 10% equity of MSR in a private placement, worth USD90mn.

Profit-taking makes downside risk to increase in the short term. If the VNIndex closes below the 950-pts threshold in next sessions, a contraction will form. Until the signal appears, investors may hold their long position and focus on leading tickers.

### Breaking news

- ▶ U.S.: Economic activity improves further amid COVID-19 cases accelerating

According to the latest number from the IHS Markit Flash U.S. Composite PMI report, early data is signaling further improvements in economic output in both manufacturing and services sectors in the near term despite the COVID-19 pandemic reaching record high. More details, the Flash Composite PMI index recorded 55.5 index point in October, up from 54.3 in September, recording a 20-month high. Additionally, the Flash Manufacturing Output index posted 53.3 from 53.2 in September, while the Flash Services Business Activity index was 56.0 compared to 54.6 in the previous month. (IHS Markit)

## Macro & strategy

### Fundflow 19 - 23 Oct

#### Outflow is maintained

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- ▶ Vietnam foreign flow

Last week, selling activities kept overwhelming. Net sell value recorded at USD106mn, up 40% WoW.

Breaking down by sectors, selling pressure continued to focus on Consumer Staples, Industrials, and Real Estate. Net sell value recorded at USD41mn, USD24mn, and USD19mn, respectively. Particularly, foreign selling activities mainly focused on MSN, VNM, DIG, VHM, VRE, and KDH, fading the sharp buying activities on VHC, CTD, GVR, VIC, and DXG. Besides, Financials continued to experience the outflow owing to CTG and VPB. On the contrary, Materials kept attracting the most foreign demand across the market due to large buy orders on HPG and DCM.

- ▶ South East Asia ETF flow

Money inflow ticked up across SEA with net inflow recorded at USD10mn. To be specific, major countries such as Malaysia and Thailand recorded the total money inflow of USD11mn. Besides, Singapore continued to attract the flow of money for 3

consecutive weeks whilst Indonesia maintained the negative flow of money.

Vietnam recorded the second week of outflow. Net outflow recorded at USD4mn, four times higher than the previous week. Of which, VFMVN30 ETF and VanEck Vietnam ETF were the main contributors which recorded USD5.5mn of outflow despite X FTSE Vietnam attracted USD1.4mn last week.

## 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	-

- **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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