

Xin Chao Vietnam

Market performance

	3 Nov	1D	1M	3M	YTD
VNIndex (pt, % chg.)	935.41	0.2	2.8	13.0	(2.7)
Turnover (VND bn)	6,306				
VN30 (pt, % chg.)	902.14	0.3	4.7	17.4	2.6

Major indicators

	3 Nov	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.53	0.0	(0.1)	(0.2)	(0.9)
3-yr gov't bonds (% bp chg.)	0.99	(0.0)	(0.1)	(0.4)	(0.7)
VND/USD (% chg.)	23,184	(0.0)	0.1	(0.0)	(0.0)
VND/JPY (% chg.)	22,179	0.0	(1.1)	(1.2)	(3.9)
VND/EUR (% chg.)	27,009	(0.0)	0.8	1.0	(3.8)
VND/CNY (% chg.)	3,472	0.0	(1.6)	(4.3)	(4.1)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.94	0.0	0.2	0.4	(1.0)
WTI (USD/bbl, % chg.)	38.42	2.0	3.7	(7.9)	(37.1)
Gold (USD/oz, % chg.)	39.71	1.9	1.1	(10.1)	(39.8)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
NBB	70.4	GAB	(126.5)
GVR	41.9	VNG	(21.5)
TCB	35.5	VPB	(10.2)
VJC	26.0	FPT	(9.5)
HPG	25.7	DHC	(8.5)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
SBT	11.2	MSN	(211.0)
GVR	7.4	HPG	(172.7)
BVH	6.9	VHM	(56.8)
IMP	4.6	VRE	(52.9)
HSG	4.4	GAS	(47.8)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Others	5.2	Real Estate	(0.7)
Technology	2.4	Media & Entertainment	(0.7)
Health Care	2.3	Consumer Durables	(0.6)
Telecommunication	1.9	Pharmaceuticals	(0.1)
Insurance	1.7		

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Waiting for U.S. presidential election
- **Vietnam:** The retail sector accelerates in October

Macro & strategy

- **Strategy:** Time to sell?

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	3.0	13.5	2.1	9.6	15.4
2021F	293,650	165,232	14.1	11.8	1.8	8.4	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	3.2	3.5	2.8	3.8	3.5
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)	30.0	4.0	2.2	(4.0)	3.8
China GDP (% yoy)	(6.8)	3.2	4.9	5.8	6.1	2.1	8.0

Source: KIS, Bloomberg

Market commentary & News

Market commentary

Waiting for U.S. presidential election

Hieu Tran
hieu.ttm@kisvn.vn

Vietnam stock markets recorded a cautious gaining session as the investors waited for the results of the U.S. presidential election today.

At the close, the VNIndex gained 0.19% to close at 935.4 pts. Meanwhile, trading volume increased to 318 million shares or VND6,306bn.

Foreign investors continued to sell with a net value of VND508bn on HSX. They sold MSN, HPG, and VHM the most with net values of VND211bn, VND172bn, and VND56bn, respectively.

Energy was the market leader namely GAS (+0.7%), PVD (+1.4%), PVS (+1.5%), POW (+2.1%), BSR (+1.5%), and OIL (+1.2%) due to the rebound of the global oil price.

Moreover, Material outperformed the benchmark index thanks to HSG (+3.4%) and HPG (+0.3%) after they showed positive business results in 3Q20.

Some constituents of the VN30Index soared more than 2% such as FPT (+2.1%), POW (+2.1%), SBT (+4.4%), TCB (+2.8%), and TCH (+3.3%).

In contrast, CTG (-0.6%), MSN (-0.5%), PNJ (-0.7%), ROS (-0.8%), VCB (-0.9%), and VIC (-1.9%) closed in red territory.

Despite the third gaining session, the short-term uptrend does not confirm in the short term as the VNIndex closes below the significant moving average. Therefore, investors should stay on the sidelines and wait for the next signal.

Breaking news

▶ Vietnam: The retail sector accelerates in October

According to GSO's estimates, the retail sales in October accelerate at 6.50% YoY, 227bps-higher than previous month and posting VND450.76tn. The retailing sector grew with a double-digit rate, for the first time since February this year and was the main reason for lifting retail sales. In contrast, the accommodation and catering (A&C) and traveling sectors kept reducing notably and hindered the overall growth rate back to the pre-pandemic level. Specifically, the retailing rose by 11.06% YoY, 189bps-higher than September performance, while A&C and traveling declined by 9.27% and 69.99% YoY, respectively. The well-controlled pandemic within the country loose customer concerns while COVID resurgences in the EU and the U.S. calmed the government in easing virus curbs. In late October, Prime Minister Nguyen Xuan Phuc directed to delay reopening the border for foreigner travelers and consequently remained the revenues of A&C and traveling operations at a low base. (GSO, KIS)

Macro & strategy

Strategy

Time to sell?

Hieu Tran
hieu.ttm@kisvn.vn

- ▶ Short-term Selling pressure
- ▶ Margin debt is at a high level

The margin debt in Vietnam stock market records a peak of nearly VND66,000bn at the end of 3Q20. This will put pressure on the market, which is likely to form a peak in the short term.

► Net Selling of foreigner

Foreign investors are still net sellers in 2020, which is a high record. They focus on large-cap stocks. Thus, they push selling pressure on the uptrend of the stock market, implying a short-term peak.

► Uptrend in the long term

► Macro indicators and implications for the stock market

Despite some negative economic indicators, we expect that Vietnam's economy is improving thanks to GDP growth and industrial recovery. In the next two years, the economy may recover its GDP growth before the Covid-19 epidemic, driven by growth in domestic consumption and growth in private enterprises.

► Cash flows of ETF funds are still into Vietnam

Vietnam's stock market attracts foreign ETFs with a net inflow of USD44mn YTD, despite the outflow of some countries in the region. In addition, the upgrade of Kuwait to an emerging market also creates a positive effect on the market in the long term.

► The market entered a new 3-year upside cycle

Analysis of the price cycle shows that the VNIndex fluctuates in a pattern, forming a new bottom every 3 years. After that, the index will form a new uptrend or downtrend. Now, the index has confirmed that the bottom in Mar-20 is the bottom of the 3-year cycle. Therefore, the market is entering a new 3-year upward cycle.

► Summary

High margin debt and the selling pressure of foreign investors cause the stock market to form a short-term peak. However, Vietnam economy recovers, along with the capital flow of ETFs that will support the stock market and continue its uptrend in the long term.

New listing & Public offerings

► **New listing**

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
11/9/2020	LPB	Lien Viet Post Bank	HSX	9,769.5	976,948,319	11,800

► **Public offerings**

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
11/30/2020	ITJ	Becamex Infrastructure Development JSC	1,371.0	80,000,000	12,500	-
11/27/2020	IDC	IDICO Corporation	3,000.0	108,000,000	26,930	Local investors only
11/24/2020	ITS	Vinacomin – Investment, Trading and Service JSC	2,649.8	4,536,000	17,500	-
11/16/2020		Viet Nam Agriculture Tourism Trading JSC	230.0	5,290,000	15,530	-
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

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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.

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- 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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