

Xin Chao Vietnam

Market performance

	5 Nov	1D	1M	3M	YTD
VNIndex (pt, % chg.)	937.75	(0.2)	2.4	11.6	(2.4)
Turnover (VND bn)	6,380				
VN30 (pt, % chg.)	903.64	(0.2)	3.7	15.6	2.8

Major indicators

	5 Nov	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.49	0.0	(0.1)	(0.2)	(0.9)
3-yr gov't bonds (% bp chg.)	0.73	0.0	(0.3)	(0.3)	(0.9)
VND/USD (% chg.)	23,166	0.0	0.2	0.0	0.0
VND/JPY (% chg.)	22,344	0.2	(1.7)	(1.8)	(4.6)
VND/EUR (% chg.)	27,223	(0.2)	(0.0)	0.7	(4.6)
VND/CNY (% chg.)	3,507	(0.0)	(2.6)	(5.0)	(5.1)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.76	(0.0)	0.0	0.2	(1.2)
WTI (USD/bbl, % chg.)	38.42	(1.0)	(5.5)	(8.4)	(37.1)
Gold (USD/oz, % chg.)	40.93	(0.7)	(0.9)	(9.4)	(38.0)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
TCB	31.0	GAB	(133.3)
VNM	24.8	VIC	(40.6)
HPG	24.5	GVR	(32.5)
NBB	23.1	CTG	(12.7)
VRE	14.9	HVN	(9.6)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VNM	85.2	MSN	(75.4)
VIC	51.5	HPG	(45.3)
MBB	27.5	VHM	(34.0)
HCM	16.0	HDB	(15.7)
PNJ	15.3	GEX	(13.8)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Telecommunication	2.7	Others	(3.3)
F&B	1.1	Health Care	(2.2)
Household Products	0.6	Technology	(1.9)
Consumer Durables	0.6	Media & Entertainment	(1.3)
Consumer Services	0.4	Materials	(1.1)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Close in red territory
- **Vietnam:** Demand for G-bonds decelerates under low-yield environment

Macro & strategy

- **November Macro view:** Domestic economic growth is gaining momentum
- **November Fixed Income view:** Interbank rates and G-bond yields to pick up

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	9.7	15.4
2021F	293,650	165,232	14.1	11.9	1.8	8.5	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	3.8	2.2	(4.0)	3.8
China GDP (% yoy)	(6.8)	3.2	4.9	5.8	6.1	2.0	8.0

Source: KIS, Bloomberg

Market commentary & News

Market commentary

Close in red territory

Hieu Tran
hieu.ttm@kisvn.vn

After the four-gaining session in a row, Vietnam stock markets reversed to go down as investors waited for the U.S. presidential election results. Biden has an advantage in the election as he only needs six electoral votes to win.

At the close, the VNIndex lost 0.21% to close at 937.7 pts. Meanwhile, trading volume decreased to 304 million shares or VND6,380bn.

Foreign investors reversed to buy with a net value of VND26bn on HSX. They purchased VNM, VIC, and MBB the most with net values of VND85bn, VND51bn, and VND27bn, respectively.

Energy underperformed the benchmark index thanks to GAS (-0.6%), PVT (-1.4%), PVD (-1.8%), PVS (-0.7%), POW (-0.7%), and PLX (-0.2%).

Moreover, some constituents of the VN30Index slid more than 1% such as VPB (-2.0%), TCB (-1.5%), STB (-2.2%), SSI (-1.4%), HPG (-1.3%), FPT (-1.8%), CTG (-1.1%), and BID (-1.7%).

In contrast, cash flowed into KDH (+2.6%), MSN (+4.3%), PNJ (+1.2%), VIC (+1.0%), and CTD (+2.0%).

The downside risk is still intact in the short term because the U.S. presidential election results are not exact. Therefore, investors should stay on the sidelines and wait for the next signal.

Breaking news

- ▶ Vietnam: Demand for G-bonds decelerates under low-yield environment

Demand for G-bonds was decelerating markedly in the primary market under a current low-yield environment. Specifically, VND42.5tn was offered in a total of 15 bidding sessions, reducing by 30.61% MoM. On the demand side, the bidding value plunged at a faster pace with only VND69.61tn in total, down by 67.53% MoM. The overall absorption rate also decelerated to a 5-month low of 74.45% as just VND31.64tn was successfully issued, down by 47.39% MoM. (KIS, HNX)

Macro & strategy

November Macro view

Domestic economic growth is gaining momentum

Y Nguyen
y.nt@kisvn.vn

- ▶ Stimulus hope to boost trade

In October, trade activities extended its recovery path to five months with slower export and import rates at 9.91% YoY and 10.05% YoY, respectively. We predict that stimulus packages to boost trade despite the latest COVID resurgences may force governments to enhance virus curbs.

- ▶ CPI grows modestly

According to GSO's estimates, the retail sales in October witnessed an acceleration as the retailing sector grew with a double-digit rate, first time since February 2020. 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.

- ▶ FDI disbursement remains robust

FDI inflows bounced back somewhat in October, in which newly registered capital reached a 9-month high and disbursed FDI remained substantially high. Looking forward to November and December, we expect a more positive outlook for FDI

disbursement, while registered FDI would likely remain subdued.

- ▶ Strong growing manufacturing to face headwind

In October, the expansion in the industrial sector continued accelerating, marking 6-month straight growth since April at a fast pace. Looking forward to 4Q20, we expect IIP in November and December would likely reflect the impact from the 2nd lockdown from European countries and elsewhere but this time the impact would much less serious than in April.

November Fixed Income view

Interbank rates and G-bond yields to pick up

Tuan Doan
tuan.doan@kisvn.vn

- ▶ Interbank rates to surge

Interbank rates slid to 2020's record lows over most tenors while the transaction scale significantly declined compared to September. The slowdown in total credit partly explains the tendency of interbank rates in recent months. Due to our argument about the relationship between credit growth and interbank rates, recent movements of the interbank market, and the seasonality, we predict the ON rate to surge to 0.92% in November 2020.

- ▶ Yields to rebound from historic lows

In October, demand for G-bonds decelerated markedly in the primary market under a current low-yield environment. Opposite to a slowdown in the primary market, trading activity in the secondary market accelerated to a 7-month high. Looking forward to November and December, in the scenario that lending activity picks up, we expect short-term (3-month to 2-year) and mid-term (3-year to 7-year) yields would jump up first and fast as those yields are staying at historically low levels and more sensitive to the banking liquidity.

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

- **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.

- **Analyst Certification**

I/We, as the research analyst/analysts who prepared this report, do hereby certify that the views expressed in this research report accurately reflect my/our personal views about the subject securities and issuers discussed in this report. I/We do hereby also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

Global Disclaimer

- **General**

This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of KIS Vietnam Securities Corp., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of KIS Vietnam Securities Corp..

This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. KIS Vietnam Securities Corp. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. KIS Vietnam Securities Corp., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or KIS Vietnam Securities Corp. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.

- **Country-specific disclaimer**

United States: This report is distributed in the U.S. by Korea Investment & Securities America, Inc., a member of FINRA/SIPC, and is only intended for major U.S. institutional investors as defined in Rule 15a-6(a)(2) under the U.S. Securities Exchange Act of 1934. All U.S. persons that receive this document by their acceptance thereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Korea Investment & Securities, Co., Ltd. or its affiliates. Pursuant to Rule 15a-6(a)(3), any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Korea Investment & Securities America, Inc., which accepts responsibility for the contents of this report in the U.S. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. person absent registration or an applicable exemption from the registration requirement.

United Kingdom: This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

Hong Kong: This research report and marketing materials may be distributed in Hong Kong to institutional clients by Korea Investment & Securities Asia Limited (KISA), a Hong Kong representative subsidiary of Korea Investment & Securities Co., Ltd., and may not otherwise be distributed to any other party. KISA provides equity sales service to institutional clients in Hong Kong for Korean securities under its sole discretion, and is thus solely responsible for provision of the aforementioned equity selling activities in Hong Kong. All requests by and correspondence with Hong Kong investors involving securities discussed in this report and marketing materials must be effected through KISA, which is registered with The Securities & Futures Commission (SFC) of Hong Kong. Korea Investment & Securities Co., Ltd. is not a registered financial institution under Hong Kong's SFC.

Singapore: This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Korea Investment & Securities Co., Ltd. has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person. Please contact Korea Investment & Securities Singapore Pte Ltd in respect of any matters arising from, or in connection with, the analysis or report (Contact Number: 65 6501 5600).

Copyright © 2020 KIS Vietnam Securities Corp.. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of KIS Vietnam Securities Corp..