

# Xin Chao Vietnam

## Market performance

	17 Dec	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,051.77	(1.4)	8.0	16.7	9.4
Turnover (VND bn)	14,371				
VN30 (pt, % chg.)	1,016.95	(1.2)	8.5	20.9	15.7

## Major indicators

	17 Dec	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.52	0.1	0.0	(0.1)	(0.9)
3-yr gov't bonds (% bp chg.)	0.89	0.1	(0.1)	(0.2)	(0.8)
VND/USD (% chg.)	23,121	0.0	0.2	0.2	0.2
VND/JPY (% chg.)	22,392	0.2	(0.3)	(1.0)	(4.8)
VND/EUR (% chg.)	28,225	(0.4)	(2.6)	(3.2)	(8.0)
VND/CNY (% chg.)	3,539	0.0	(0.2)	(3.2)	(6.0)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.93	(0.0)	0.1	0.2	(1.0)
WTI (USD/bbl, % chg.)	48.35	(0.0)	15.6	17.6	(20.8)
Gold (USD/oz, % chg.)	51.50	0.8	17.7	18.9	(22.0)

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
NVL	27.2	TCB	(212.5)
CII	8.8	BTT	(148.3)
GTN	7.5	HPG	(129.1)
GMD	5.9	FUEVFVND	(71.4)
TPB	5.7	VNM	(63.8)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
FUEVFVND	72.2	HPG	(184.2)
BID	48.2	CTG	(68.4)
MSN	19.0	VCB	(60.1)
HDC	15.4	MBB	(58.1)
HDB	12.1	SSI	(51.9)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Health Care	3.0	Insurance	(2.4)
Others	2.8	Energy	(2.2)
Telecommunication	0.9	Transportation	(2.1)
Automobiles	0.1	Materials	(2.0)
		Banks	(1.7)

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Increasing Downside Risk
- **Vietnam:** Vietnam being labeled a currency manipulator by the U.S. government

### Sector & company

- **Seafood:** Short comment of currency manipulation designation
- **Insurance:** Sector 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	29.7	15.2	2.7	13.6	17.7
2019	238,659	144,922	24.2	13.8	2.4	11.0	17.4
2020F	270,014	151,973	7.1	15.2	2.4	10.6	16.1
2021F	304,264	177,159	18.9	12.8	2.1	9.5	16.4

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)	33.1	4.5	2.2	(3.5)	3.9
China GDP (% yoy)	(6.8)	3.2	4.9	5.9	6.1	2.0	8.2

Source: KIS, Bloomberg

## Market commentary & News

### Market commentary

#### Increasing Downside Risk

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Vietnam stock market reversed to go down yesterday after Vietnam is put on the list of U.S. currency manipulation.

At the close, the VNIndex slid by 1.43% to close at 1,051 pts. Meanwhile, trading volume increased to 632 million shares or VND14,371bn.

Foreign investors continued to sell with a net value of VND774bn on HSX. They sold HPG, CTG, and VCB the most with a net value of VND184bn, VND68bn, and VND60bn, respectively.

Sell-off pushed down some constituents of the VN30Index, such as BID (-2.1%), CTG (-3.6%), HPG (-2.9%), KDH (-2.4%), PLX (-2.6%), PNJ (-2.3%), REE (-2.1%), VCB (-3.9%), VIC (-2.1%), VJC (-2.7%), and VRE (-2.4%), down more than 2%.

In contrast, cash flowed into some Banking stocks namely VPB (+1.0%), ACB (+0.2%), TCB (+1.4%), and HDB (+1.6%).

Besides, POW (+1.3%), TCH (+0.3%), MSN (+0.6%), BSR (+2.3%), HSG (+1.0%), and NKG (+1.7%) closed in green territory.

Based on the sharp contraction, the downside risk increases in the short term. Therefore, traders should be careful and wait for the next confirmation signal about the trend.

### Breaking news

- ▶ Vietnam: Vietnam being labeled a currency manipulator by the U.S. government

According to the latest semiannual report on Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States from the U.S. Treasury, Vietnam has been designated as a currency manipulator for the first time when meeting all three criteria under the Trade Facilitation and Trade Enforcement Act of 2015. The U.S. authority has accused Vietnam of gaining unfair competitive advantages from undervaluing VND under the current foreign exchange management. Besides, the U.S. also hiked a tariff level from 6.23% to 10.08% for imported car and truck tires from Vietnam in early November as an initial punitive action for unfair trade practices from currency devaluation. (U.S. Treasury)

## Sector & company

### Seafood

#### Short comment of currency manipulation designation

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The U.S. Treasury Department designated Vietnam as currency manipulator for the first time. However, if this designation still remains, the impact of manipulator designation on Vietnam seafood exporters is uncertain due to the difference of reference point to determine Vietnam as currency manipulator.

According to The U.S. Commerce Department (The U.S. DOC), The U.S. DOC can impose anti-subsidy duties on products from countries that are designated by The U.S. DOC as currency manipulators. The U.S. DOC would only impose countervailing duties on imports of specific products that both benefit from countervailable subsidies and are found by the U.S. International Trade Commission to injure U.S. industries.

Therefore, although The U.S. DOC would generally rely on the Treasury's expertise in determination, the impact of manipulator designation on Vietnam seafood exporters is uncertain, because the two processes between The U.S. DOC and The U.S. Treasury Department could come to different conclusions since they resulted from different statutes.

In the worst case as both The U.S. DOC and The U.S. Treasury Department designates Vietnam as currency manipulator, this conclusion will lead to negative impact on Vietnam seafood export to the U.S. as the result of anti-subsidy duties imposition. Of which, almost Vietnam seafood exporters, such as Vinh Hoan (VHC) and Minh Phu (MPC) and Sao Ta (FMC) will be hit more

clearly compared to other Vietnam seafood exporters due to high revenue contribution of export to the U.S.

According to Vietnam Association of Seafood Exporters and Producers (VASEP), Vietnam seafood export to the U.S. reach nearly USD1.17bn in 10M20, increasing 8.5% yoy and leading the export value growth of Vietnam seafood in 10M20.

## Insurance

**Not rated**

**Sector brief: A promising industry**

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### ► Favorable fundamentals

Vietnam has a promising insurance market from its low penetration rate of 2.65% compared to 9.6% in advanced markets. Insurance density was USD72 compared to USD4,664 of the advanced markets. Total population possessed life insurance products was just ~8.5%. Those imply a potential field for all players in the sectors. In addition, Vietnam insurance sector is supported by bright economy prospect, macro stability and sizable population of ~97 million. The industry achieved a two-digit growth for many years and is expected to keep its robust trajectory in coming period.

### ► An attractive destination for foreign-insurance companies

Vietnam market has 67 insurance companies, therein 31 non-life insurers, 18 life insurers, 16 brokers and two reinsurers. Many reputable foreign insurance companies have presences in Vietnam in both life and non-life sectors. Currently, local players such as BVH, PVI, PTI, BMI have large market shares in term of gross premium. Most of them are listed on Vietnam stock exchanges and have drained investors' attention.

### ► A bass note in 2020

The COVID-19 slowed down the non-life premium growth to 5.7% yoy in 9M20. The most impacted product lines are cargo with negative growth of 14.4%, automobile business and health business with slight growth of 2-3%. Meanwhile, the life insurance premium recognized positive growth at 21.2% yoy in 9M20. The sector's 2020 NP may have depressed by historical low interest rates level.

## New listing & Public offerings

### ► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
1/7/2021	HATIFA	Hatifa., JSC	35.0	1,260,000	16,100	Whole lot sale
12/31/2020		Bong Sen Guest House	93.0	5,899,200	10,000	-
12/30/2020		Binh Thuan - Transportation Works JSC	20.7	1,905,177	20,600	Whole lot sale
12/29/2020	BENOVAS	Benovas Oncology JSC	100.0	2,900,000	11,300	Whole lot sale
12/25/2020	SHG	Song Hong Corporation	270.0	13,241,200	10,000	-
12/24/2020		HUD.VN - Social Housing Development JSC	221.2	16,139,124	10,800	Whole lot sale
12/24/2020	TEC	Traenco JSC	16.6	321,638	10,000	Whole lot sale
12/23/2020	MSB	Maritime Bank	11,750.0	4,031,812	13,000	Whole lot sale
12/22/2020	VOC	Vietnam Vegetable Oils Industry Corporation	1,218.0	44,211,900	18,540	-
12/21/2020	HUDKG	HUD Kien Giang Investment Construction JSC	355.0	34,845,100	34,000	Whole lot sale; Foreigners can buy 18,105,000 shares
12/18/2020	ITJ	Becamex Infrastructure Development JSC	1,371.0	80,000,000	12,500	-

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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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