

Xin Chao Vietnam

Market performance

	25 Dec	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,084.42	1.6	8.4	19.4	12.8
Turnover (VND bn)	12,918				
VN30 (pt, % chg.)	1,052.13	1.8	9.5	23.1	19.7

Major indicators

	25 Dec	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.51	(0.0)	0.0	0.0	(0.9)
3-yr gov't bonds (% bp chg.)	0.93	0.0	(0.0)	(0.1)	(0.7)
VND/USD (% chg.)	23,131	0.0	0.1	0.2	0.2
VND/JPY (% chg.)	22,361	(0.2)	(0.9)	(1.8)	(4.6)
VND/EUR (% chg.)	28,196	0.3	(2.3)	(4.0)	(7.9)
VND/CNY (% chg.)	3,539	0.1	(0.6)	(4.0)	(6.0)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.92	0.0	0.0	0.3	(1.0)
WTI (USD/bbl, % chg.)	48.23	0.2	7.4	19.6	(21.0)
Gold (USD/oz, % chg.)	51.29	0.2	7.2	22.3	(22.3)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
DIG	34.6	GEX	(99.4)
HPG	23.0	DBD	(85.4)
SSI	23.0	IJC	(56.9)
MWG	22.8	LGL	(30.9)
PNJ	21.0	TCB	(29.3)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VHM	20.3	HPG	(217.0)
SSI	17.6	KBC	(35.7)
POW	15.3	VNM	(29.5)
HCM	13.6	FRT	(10.9)
GMD	12.1	VND	(9.4)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Others	6.5	Media & Entertainment	(0.6)
Diversified Financials	5.6		
Insurance	5.5		
Health Care	5.4		
Transportation	2.3		

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Brokerage in the spotlight
- **Vietnam:** Downturn in private sector drags on the economic growth in December

Macro & strategy

- **Chart of the day:** Trading value at a record level
- **2021 Outlook:** Dynamic Vietnam - "Tiger will awaken"

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	15.5	2.5	10.8	16.1
2021F	304,264	177,159	18.9	13.0	2.1	9.7	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	4.6	2.2	(3.5)	3.9
China GDP (% yoy)	(6.8)	3.2	4.9	6.0	6.1	2.0	8.2

Source: KIS, Bloomberg

Market commentary & News

Market commentary

Brokerage in the spotlight

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Vietnam stock market sharply rebounded thanks to high buy demand.

At the close, the VNIndex jumped by 1.58% to close at 1,084 pts. Meanwhile, trading volume decreased to 652 million shares or VND12.918bn.

Foreign investors continued to sell with a net value of VND230bn on HSX. They sold HPG, KBC, and VNM the most with a net value of VND217bn, VND35bn, and VND29bn, respectively.

Brokerage was the market leader as SSI, HCM, and VND limited up.

Moreover, Banking and Real Estate outperformed the broad market thanks to VHM (+1.5%), VRE (+1.7%), VPB (+3.2%), STB (+2.7%), ACB (+2.4%), TCB (+5.7%), HDB (+3.4%), BID (+2.4%), and CTG (+2.2%).

In contrast, MSN (-0.2%), ROS (-1.6%), NLG (-0.2%), and PDR (-2.0%) closed in red territory.

Based on the sharp rebound, the market sentiment has become optimistic in the short term, implying a bullish market. Therefore, traders should hold their long position and focus on leading stocks.

Breaking news

- ▶ Vietnam: Downturn in private sector drags on the economic growth in December

According to the latest estimates from the IHS Markit, early survey data signalled that the business conditions in the private sector continued to deteriorate due to COVID-19 cases accelerating in the country. Besides, a reduction in new orders, attributed to decreasing export demand, also put a drag on the manufacturing sector. More specifically, Japan's Flash Services Business Activity index posted just 47.2 in December compared to 47.8 in the previous month, while the Flash index for the manufacturing output recorded 49.5 from 48.8 in November, respectively. (IHS Markit)

Macro & strategy

Chart of the day

Trading value at a record level

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- ▶ Market performance

Despite two losing sessions last week, the VNIndex maintained its uptrend thanks to high demand at the low level.

- ▶ Chart: Trading value at a record level

The uptrend is still intact in the medium and long term as 50-period and 100-period moving averages go up. Besides, the VNIndex was at its highest level since May 2018.

In the short term, the index continues to move up after it retests the 10-period moving average. Moreover, the trading value is at a record high, implying the cash flows into the stock market. That supports the bullish market. Also, Momentum indicators show positive signals as the Stochastic and RSI are going into overbought.

With the congestion zone, the broken 1,030-1,050 pts area turns around to act as the short-term support. On the upside, the 1,100-pts area (the all-time high) is the short-term resistance for VNIndex.

→ The bullish market is dominant in the short term thanks to the positive of Momentum and Trend indicators.

- ▶ Technical strategy: Hold the positions

As mentioned above, trading activities reach a high level, and a strong collapse has a high probability of occurring. However, the long-term bull is active. Thus, investors should hold current positions and increase the proportion of leading stocks when the correction phase steps.

2021 Outlook

Dynamic Vietnam: “Tiger will awaken”

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- ▶ One-year bullish market

In 2020, the Vietnam stock market showed strong volatility when it was negatively affected by the epidemic COVID-19. However, the stock market rebound sharply with a recovery of 60% from the bottom of March 2020 thanks to the cash flow of domestic investors. We forecast that the Vietnam stock market will continue to bullish market in 2021 as (1) the effect of 3-year upward cycles of the Vietnam stock market. The New 3-year upward cycle of the VNIndex starts from the bottom of March 2020, so the market will show an uptrend in the next three years. The bottom is expected to form in 2023. (2) One-year upward pattern after the U.S. election year the first year. According to KIS statistics, the market often upside in the first year of the U.S. presidency, showing a one-year upward pattern. Therefore, we expect the Vietnam stock market's outperformance in the U.S. President's First Year promises to continue in 2021. The VNIndex in 2021 can reach 1,300 points.

- ▶ Promising opportunities from high value chain shift

Recent production relocation of Apple's vendors, such as Foxconn and Luxshare, is signaling a potential shift in higher value chain toward Vietnam. This progress helps accelerate the transformation of Vietnam's manufacturing industry to a high-tech one, but it also makes Vietnam be a more attractive FDI destination in foreign investors' eyes. The case of Samsung Corporation establishing its operation in Vietnam many years ago is evident that a similar opportunity may have again come to our economy in the post-COVID-19 crisis.

- ▶ RCEP boosts Vietnam's economy

The application of the common Rule of Origin also helps Vietnam products with a low localization ratio enjoy tax incentives from the other members, including Japan and South Korea, which is relatively increasing the comparative advantages of Vietnam products after the RCEP will take into effect.

New listing & Public offerings

▶ New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
12/31/2020	BKG	BKG VietNam Investment JSC	HSX	320.0	32,000,000	11,000
12/28/2020	ABB	An Binh Commercial JSB	UPCoM	5,713.1	571,311,355	15,000

▶ Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
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

- **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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