

# Xin Chao Vietnam

## Market performance

	12 Jan	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,192.28	0.6	14.0	28.2	8.0
Turnover (VND bn)	15,805				
VN30 (pt, % chg.)	1,169.03	0.5	15.9	33.1	9.2

## Major indicators

	12 Jan	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.48	(0.0)	(0.0)	(0.0)	0.1
3-yr govt bonds (% bp chg.)	0.92	0.2	0.1	0.0	0.1
VND/USD (% chg.)	23,057	0.0	0.4	0.5	0.2
VND/JPY (% chg.)	22,244	(0.1)	(0.1)	(1.3)	0.5
VND/EUR (% chg.)	28,137	0.2	(0.3)	(2.6)	1.2
VND/CNY (% chg.)	3,567	(0.3)	(1.0)	(3.7)	(0.8)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.11	(0.0)	0.2	0.4	0.2
WTI (USD/bbl, % chg.)	53.47	0.5	14.8	33.0	10.2
Gold (USD/oz, % chg.)	56.58	1.7	13.2	35.6	9.2

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
TCB	72.5	E1VFN30	(116.4)
FPT	70.3	HNG	(97.0)
MWG	67.6	FUEVFVND	(67.3)
MBB	54.5	SSI	(22.4)
VPB	46.2	CII	(20.5)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
E1VFN30	117.1	HPG	(145.9)
NVL	107.1	VHM	(85.9)
FUEVFVND	65.6	CTG	(67.7)
MSB	33.5	LPB	(64.6)
CII	24.8	VRE	(44.7)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Materials	3.3	Telecommunication	(1.2)
Household Products	2.3	Technology	(1.1)
Consumer Services	2.2	Health Care	(0.4)
Transportation	1.9	Pharmaceuticals	(0.2)
Automobiles	1.7	Media & Entertainment	(0.2)

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Retest 1,200-pts threshold
- **Vietnam:** Accelerating COVID-19 pandemic hampers growth in the U.S. services sector

### Macro & strategy

- **January Fixed-income view:** Short-term debt instruments to see greater upward pressure

### 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	29.7	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	7.2	17.0	2.7	11.9	16.1
2021F	304,264	177,159	18.9	14.3	2.3	10.6	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)	4.0
China GDP (% yoy)	(6.8)	3.2	4.9	6.0	6.1	2.1	8.2

Source: KIS, Bloomberg

## Market commentary & News

### Market commentary

#### Retest 1,200-pts threshold

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Despite the high selling pressure in the morning session, the Vietnam stock market recorded the eighth consecutive gaining session.

At the close, the VNIndex gained 0.62% to close at 1,192 pts, approaching the record peak (the 1,200-pts) in 2018. Meanwhile, trading volume decreased to 719 million shares or VND15,804bn.

Foreign investors continued to sell with a net value of VND251bn on HSX. They sold HPG, VHM, and CTG the most with a net value of VND145bn, VND85bn, and VND67bn, respectively.

Brokerage and Material were the market leaders thanks to SSI (+1.6%), HCM (+1.3%), VND (+4.8%), HSG (+4.1%), HPG (+4.3%), and NKG (+2.8%).

Moreover, cash flowed into some constituents of the VN30Index, namely REE (+3.7%), TCH (+3.7%), KDH (+2.3%), FPT (+1.7%), SAB (+1.6%), VCB (+1.1%), and BID (+1.0%), rising more than 1%. Notably, ROS limited up.

In contrast, STB (-1.5%), VRE (-1.2%), VPB (-0.9%), MBB (-0.8%), and CTG (-0.5%) closed in red territory.

The market sentiment has become optimistic thanks to the high demand for some key stocks. Therefore, traders should hold their long position and focus on leading stocks.

### Breaking news

- ▶ Vietnam: Accelerating COVID-19 pandemic hampers growth in the U.S. services sector

As a number of new COVID cases continued accelerating in the United States, expansion in business activity in December softened to a three-month low with output and new orders weakening. More specifically, according to the IHS Markit, the seasonal-adjusted U.S. Services PMI Business Activity recorded 54.8 index point in December, down from its peak of 58.4 in the previous month and also lower than its flash estimate of 55.3. (IHS Markit)

## Macro & strategy

### January Fixed-income view

#### Short-term debt instruments to see greater upward pressure

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- ▶ Interbank rates to rise

In December, the interbank market witnessed divergence in moves of short-term (below one month) and longer-term (one month and above) rates as the former tended to rebound, while the latter declined to hit their new lows in 2020. The rebound in short-term rates is attributable to the natural lower bound as these rates stayed near to zero, while the reduction tendency in longer-term rates likely reflects market expectation about a loan market with a lack of demand from domestic consumption and investment in the future. Looking forward, due to recent movements of the interbank market and the seasonality, we predict the ON rate to rise in January 2020.

- ▶ G-bond trading surges to record high

In December, G-bond trading value reached a new peak, while yields at most tenors set all-time lows. This showed a huge amount of money continued floating around the G-bond market without any signs of stopping. Looking ahead, a phenomenal bank-loan growth in December surely put massive upward pressure on short-term yields in January.

- ▶ SBV to draw a lower limit for the FX rate

Under a weakening USD environment, VND continued to set a new high since July 2018. From our forecast, a recent change from SBV's foreign exchange reserve management will set a lower limit range between 22,850 – 23,125 for the FX rate in six months ahead.

## New listing & Public offerings

### ▶ Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
2/8/2021	EVNGENCO2	Power Generation Corporation 2	11,866.4	580,120,840	24,520	IPO
1/27/2021	BCE	Binh Duong Construction & Civil Engineering JSC	300.0	5,000,000	10,000	-

- **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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