

Xin Chao Vietnam

Market performance

	11 May	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,256.04	(0.3)	2.0	12.7	13.8
Turnover (VND bn)	22,263				
VN30 (pt, % chg.)	1,359.19	(0.8)	8.5	20.3	26.9

Major indicators

	11 May	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.53	(0.0)	0.1	0.0	0.1
3-yr gov't bonds (% bp chg.)	0.96	(0.0)	0.3	0.1	0.1
VND/USD (% chg.)	23,060	0.0	0.0	(0.4)	0.2
VND/JPY (% chg.)	21,204	(0.1)	(0.6)	3.5	5.5
VND/EUR (% chg.)	28,050	(0.0)	(2.2)	(0.7)	1.5
VND/CNY (% chg.)	3,590	0.1	(1.9)	(0.8)	(1.4)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.61	0.0	(0.1)	0.4	0.7
WTI (USD/bbl, % chg.)	64.45	(0.7)	8.6	10.7	32.8
Gold (USD/oz, % chg.)	67.86	(0.7)	7.8	11.0	31.0

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
BID	100.7	HNG	(104.0)
STB	87.3	MSB	(55.9)
TCB	40.4	MBB	(40.9)
CTG	30.0	ACB	(40.1)
VCB	21.7	SSI	(27.3)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VPB	175.4	HPG	(226.3)
MSB	94.7	NVL	(162.1)
STB	46.1	VIC	(57.2)
HSG	28.4	VRE	(33.0)
VHM	27.8	NLG	(32.2)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Technology	5.1	Others	(1.3)
Media & Entertainment	2.4	Diversified Financials	(0.9)
Health Care	2.3	Real Estate	(0.8)
Transportation	1.5	Software & Services	(0.7)
Automobiles	0.7	Commercial Services	(0.4)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Selling pressure in ATC session
- **Vietnam:** Industrial growth to face COVID-19 headwinds

Macro & Strategy

- **May Fixed Income view:** Little room for further increases in short-term rates

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	7.3	17.9	2.9	11.6	16.1
2021F	304,264	177,159	18.9	15.0	2.5	10.4	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

	3Q20	4Q20	1Q21	2Q21F	2019	2020	2021F
GDP (% yoy)	2.6	4.5	4.5	4.5	7.0	2.9	6.4
Trade balance (USD bn)	10.7	3.3	2.8	3.7	10.4	19.8	1.8
CPI (% yoy, avg.)	3.2	1.4	0.3	2.8	5.2	3.2	2.4
Discount rate (% EoP)	3.0	3.0	3.0	3.0	4.0	3.0	3.0
VND/USD (avg.)	23,179	23,159	23,054	23,252	23,231	23,252	23,174
US GDP (% qoq)	(4.8)	(31.7)	33.1	4.0	(3.5)	(3.5)	6.3
China GDP (% yoy)	(6.8)	3.2	4.9	5.8	2.3	2.3	8.5

Source: KIS, Bloomberg

Market commentary & News

Market commentary

Selling pressure in ATC session

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The Vietnam stock market reversed to go down yesterday due to selling pressure in the ATC session.

At the close, the VNIndex lost 0.28% to close at 1,256 pts. Meanwhile, trading volume was 736 million shares or VND22,263bn.

Foreigners reversed to net sell VND294bn on HSX. They sold HPG, NVL, and VIC the most with net values of VND226bn, VND162bn, and VND57bn, respectively.

Member of Vingroup, namely VIC (-1.1%), VHM (-1.1%), and VRE (-2.4%), underperformed the benchmark index.

Profit-taking pushed Material down, such as HSG (-3.7%), HPG (-1.6%), and NKG (-1.9%).

Some constituents of VN30Index fell more than 2% such as TCB (-2.3%), HDB (-2.6%), and REE (-3.2%).

In contrast, SBT (+5.8%), BID (+1.7%), STB (+1.4%), TCH (+1.1%), and VPB (+1.1%) closed in green territory.

In the short term, the stock market diverges as selling pressure appears on some key tickers. The downside risk is still intact due to high volatility and the lost consensus of technical indicators. Therefore, the uptrend may reverse. Traders should be careful and wait for the next signal.

Breaking news

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► Vietnam: Industrial growth to face COVID-19 headwinds

Industrial growth continued at a modest pace in April, but the health of the industrial sector generally remained weak. More specifically, the industrial output rose by about 1.05% from March, but a low base in April 2020 (due to the national lockdown) helped push a year-over-year growth up to 24.11%. However, the output in the first half of 2021 could not reach its high levels in 3Q20 and 4Q20. The industrial sector would face COVID-19 headwinds in May as decreasing domestic demand would be an unpredictable consequence. On the other hand, increasing export demand is expected to be a counterbalance against the COVID-19 impact. (GSO, KIS)

Macro & strategy

May Fixed Income view

Little room for further increases in short-term rates

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► ON to return lower

The ON ticked up in April due to the high demand for short-term liquidity in the long holiday season and the rising credit activity. However, the SBV's dispatch 3029/NHNN-TTGSNH seems to partly slow this recovery, suggesting that the banking system's liquidity tends to be more excessive, and interbank rates accordingly would reduce next month. Furthermore, deposit rates generally remain stable at a low level, implying that commercial banks could mobilize capital with a low cost and loosen their liquidity pressure in the interbank market. According to these arguments, we predict that interbank rates tend to be lower in May.

► Bond yields to face uncertainty ahead

In contrast to a quiet mood in early months of 2021, the primary government bond market started accelerating from both supply and demand sides with a rising yield environment. From our view, the recent increase in interbank rates may slow down or even reverse in May. This would reversely create downward pressure on short-term and medium-term G-bonds. On the other hand, the current long-term yields seem to be attractive to bond investors. Combining with a gloomy outlook for CPI, we expect long-term yields to remain around the current levels.

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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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