

Xin Chao Vietnam

Market performance

	13 Sep	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,341.43	(0.3)	(1.2)	(0.8)	21.5
Turnover (VND bn)	22,924				
VN30 (pt, % chg.)	1,444.99	(0.2)	(2.6)	(2.9)	34.9

Major indicators

	13 Sep	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.45	(0.1)	(0.1)	(0.1)	0.0
3-yr govt bonds (% bp chg.)	0.78	0.1	(0.1)	0.0	(0.1)
VND/USD (% chg.)	22,761	0.0	0.3	1.0	1.5
VND/JPY (% chg.)	20,672	0.1	0.5	1.1	8.2
VND/EUR (% chg.)	26,803	0.0	0.4	3.7	6.2
VND/CNY (% chg.)	3,525	0.3	(0.1)	1.9	0.4
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.33	(0.0)	0.1	(0.1)	0.4
WTI (USD/bbl, % chg.)	70.65	1.3	3.2	(0.4)	45.6
Gold (USD/oz, % chg.)	73.77	1.2	4.5	1.5	42.4

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	223.8	SSB	(56.8)
KBC	219.3	NVL	(30.1)
SSI	84.5	PVT	(25.3)
TPB	70.9	CTG	(23.7)
VPB	53.3	VIC	(19.8)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
SAB	67.0	VIC	(182.5)
VND	59.5	VHM	(165.9)
DGC	43.7	HPG	(77.9)
KDH	37.8	MSN	(53.3)
VNM	37.3	HCM	(40.2)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Technology	7.0	Telecommunication	(2.9)
Retailing	5.0	Insurance	(2.4)
Health Care	4.4	Commercial Services	(1.7)
Consumer Services	2.5	Media & Entertainment	(1.6)
F&B	1.8	Materials	(1.6)

WHAT'S NEW TODAY

Market commentary & News

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Macro & Strategy

- Fundflow 06 – 10 Sep:** Outflow is not significant

Sector & Company

- Nam Kim Steel (NKG):** Company note
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Event Calendar

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	17.0	17.3	2.8	12.8	16.0
2021F	304,264	177,159	19.3	14.5	2.4	11.4	16.3

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	2Q21	2019	2020	2021F
GDP (% yoy)	2.6	4.5	4.5	6.6	7.0	2.9	6.4
Trade balance (USD bn)	10.7	3.3	2.8	(4.3)	10.4	19.8	1.8
CPI (% yoy, avg.)	3.2	1.4	0.3	2.6	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	(3.4)	(3.5)	6.0
China GDP (% yoy)	(6.8)	3.2	4.9	5.8	2.3	2.3	8.4

Source: KIS, Bloomberg

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Market commentary & News

Market commentary

Selling pressure on Banking

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The stock market reversed to go down due to selling pressure on Banking stocks in the afternoon session.

At the close, the VNIndex lost 0.29% to close at 1,341 pts. Meanwhile, the trading volume was 752 million shares or VND22,923bn.

Foreign investors continued to net sell with a net value of VND432bn on HSX. They sold VIC, VHM, and HPG the most with net values of VND182bn, VND165bn, and VND77bn, respectively.

Banking was the worst sector driven by ACB (-1.24%), BID (-1.26%), CTG (-1.39%), EIB (-1.16%), HDB (-2.70%), MBB (-1.06%), NVB (-9.51%), SHB (-1.52%), STB (-1.10%), TCB (-0.71%), and VCB (-1.11%).

Brokerage and Material underperformed the benchmark index, namely HPG (-1.36%), HSG (-2.45%), NKG (-1.81%), BSI (-3.20%), BVS (-1.75%), HCM (-3.44%), MBS (-3.31%), SSI (-0.46%), VCI (-0.63%), and VDS (-1.82%).

Some constituents of the VN30Index slid more than 2%, such as GVR (-4.07%), BVH (-2.50%), PDR (-2.19%), PNJ (-2.13%), and POW (-2.07%).

In contrast, SAB (+6.67%), MWG (+5.13%), TPB (+1.87%), and KDH (-1.73%) closed in green territory.

Despite the contraction, the short-term uptrend still is intact because the VNIndex closes above the short-term moving averages (such as MA20 and MA50). Hence, traders should hold long positions and focus on the leading sector.

Breaking news

Tuan Doan

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- Viet Nam: Ho Chi Minh City may extend lockdown until end-September

In a seminar on disease control on Sunday, Vice Chairman of HCM People's Committee Duong Anh Duc said that the authorities may decide to extend the lockdown until end-September in most areas rather than an initial plan of partly easing strict social-distancing measures from 15th September, due to the complicated pandemic situation. However, he also mentioned that strict restrictions may be relaxed in areas that meet specific epidemic prevention requirements, including Can Gio, Cu Chi, etc. (tuoitre.vn)

Macro & strategy

Fundflow 06 – 10 Sep

Outflow is not significant

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- Vietnam foreign flow

Foreign selling pressure kept increasing and fading the market demand. Net sell value was 135USDmn.

Foreign selling pressure continued to focus on Real Estate. Particularly, VHM, KBC, and API were divested the most, fading the solid demand across KDH. Consumer Staples kept experiencing the selling pressure, mainly driven by large sell orders on MSN and VNM. On the contrary, Financials ended up to be net bought for 3 consecutive weeks, contributed by the strong demand on CTG, MBB, and VCB. Besides, foreign demand also spread to Materials and Consumer Discretionary thanks to HSG, DCM, and PHR.

- South East Asia ETF flow

Outflow has come back to SEA; net outflow was USD6mn. The surge of outflow was mainly contributed by Vietnam. However, the outflow was partially recovered thanks to the strong inflow across Singapore.

Money outflow ticked up across Vietnam, recording at USD18mn. Importantly, the outflow has come back due to the divestment among Fubon FTSE Vietnam ETF and VFMVN Diamond ETF which were slowdown on the previous week. However, VFMVN30 ETF attracted the total of USD13mn which has decreased the negative impact of the money outflow across Vietnam. Although there was the strong divestment across X FTSE Vietnam (USD17mn), this ETF was impacted by rebalancing event which is not the negative signal for the flow of money. If the outflow across X FTSE Vietnam (USD17mn) is excluded due to rebalancing event, the money outflow across Vietnam is not significant.

Sector & company

Nam Kim Steel (NKG)

July 2021 – Operational updates

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- ▶ Mixed July performance

The July sales volume slowed down comparing mom basis but went up on yoy. In detail, total July steel sales volume posted 82,665 tonnes, increased by 22.6% yoy but plunged 18.9% mom. Steel coat volume made up most of the Julyy sale (91.3%) at 75,483 tonnes, +46.8% yoy but -15.6% mom. The exported steel coat volume (61,950 tonnes) performed splendidly +75.1% yoy even experienced a slight decrease of 2.4% mom in Julyy. The domestic markets contributed minor impact to total sales volume: Domestic market of steel coat was 13,533 tonnes (-15.7% yoy; -48% mom,) and steel pipes volume recorded 7,182 tonnes (-42.2% mom and -55.2% yoy).

- ▶ The accumulated sales volume still brisk despite a tepid July

The July performance suffered from the local sluggish demand due to the Southern lockdown which interrupted the production and supply chain. However, the total sale volume in 7 months came in at 603,939 tonnes, +66.2% yoy on the back of the steel coat volume growth of 56.7% yoy to 494,634 tonnes and the steel pipes growth of 127.9% yoy to 109,061 tonnes. The total export volume (accounted for 58.6%; 354,187 tonnes) grew +132.3% yoy and the local sales volume (249,752 tonnes) went up 18.4% yoy amid the management's strategy skewed in favor of expansion of sale channels export markets.

- ▶ Hedging on the commodity price rally

Based on VSA figures, NKG's inventory as of end-July moved in contrast trends but in line with current business environments. Steel pipes' inventory dropped -27.2% mom, -17.3% yoy to 5,607 tonnes, which could be explained by the impact of COVID-19 resurgence that suspended the production and consumption. Steel coat inventory, on the other side, increased 9.1% mom, spiked 415.6% yoy following the hedging demand.

- ▶ Inventory risk immaterial

Overseas market helps NKG to overcome the negative impact of Covid on domestic market. According to the company, NKG enjoys the higher gross margin thanks to low-cost inventory and higher steel selling prices in the international markets.

If both upstream (HRC) and downstream (steel coat and steel pipes) prices maintain the upward, NKG can enjoy higher or maintain margins. In addition, the company is signing a back-to-back forward contract with secured margin for export orders, per management. Therefore, we believe the risk is still low.

- ▶ Annual guidance almost fulfilled

For 2021, NKG sets targets of VND16tn revenue and a VND600bn net profit. The results in 1H2021 of revenue and NPAT were VND11.8tn (+148.9% yoy) and VND1166bn (+1883.8% yoy), completing 74.1%/194.4% of the company's guidance, respectively. 2Q21 net profit was VND847.5bn (vs. only VND17bn in 2Q20, and up 166% qoq) while net sales tripled to VND7,010bn (up 203% yoy and up 44.5% qoq).

Insurance

Draft insurance law adjustment

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Draft Insurance law adjustment (Draft law) was announced in February 2021 and open to receive comments from experts and insurance companies. It will be 5 years until adjusted insurance law going into effect.

► Aims to complete the legal framework

The draft law is given in the context of following environments 1) The size of the insurance market is getting bigger and bigger, proving its role in the economy and society, contributing to stability of macro-economy. 2) Insurance products are diversified for many types of assets as well as many economic sectors, helping to protect the interests of investors. 3) The current insurance law has been in existence since 2000, with amendments in 2010 and 2019, but it is still considered unsuitable for the current industry context, and there are still many shortcomings.

Basically, the draft law aims to improving existing shortcomings in the current Law, towards perfecting the legal framework in the insurance business beside reconfirming the government's role of supporting and managing, on developing industry in both size and quality.

► Driving significantly the Vietnam insurance development

The draft covers a wide range of operation aspects of Vietnam insurance companies with the scopes to 1) empowering insurance companies by promoting the agreement of parties participating in insurance contracts and insurers have more autonomy in operations including designing new products. 2) Converting a single regulation on financial regime according to Solvency into a comprehensive model consisting of 3 main pillars: a) Corporate governance, risk management, b) Risk-based capital and c) Disclosure of information. 3) Insurers have wider choices in investment plans with the application of the exclusion list instead of the fixed investment portfolio, allowing for abroad investments. And 4) Encouraging the application of technology in operations, as well as the development of the insur-tech enterprises in the market.

► Building the solid foundation for the prosperous

We believe that the Draft Law will build a solid foundation for the positive outlook of the insurance industry in the long term. This will require insurers to invest more in internal processes, human resources as well as capital to be able to fully meet the requirements under the Law. In addition, the Draft is also published quite soon so that insurers have enough time to prepare and give feedback on the development direction of the industry.

Event Calendar

► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Listed Value	Listed Shares	Reference Price
14/09/2021	SGI	Saigon3 Group Investment Development	UPCoM	754.6	75,464,700	30,000

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
27/09/2021	BVB	Viet Capital Commercial JSB	3,670.9	8,261,611	22,800	-
24/09/2021	TEG	Truong Thanh Energy and Real Estate JSC	323.8	10,000,000	10,000	-
21/09/2021		Vinh Son JSC	1,150.0	4,588,500	201,044	Whole lot sale; Local investors only

► Event calendar

Ex-right date	Exercise day	Ticker	Exchange	Right	Rate	Value
14/09/2021	14/09/2021	C4G	UPCOM	Share Issue	6%	
14/09/2021	14/09/2021	CRE	HOSE	Share Issue	95%	
14/09/2021	14/09/2021	CRE	HOSE	Share Issue	10%	
14/09/2021	28/09/2021	CTT	HNX	Cash Dividend	10%	1,000
14/09/2021	24/09/2021	DCG	UPCOM	Cash Dividend	10%	1,000
14/09/2021	24/09/2021	HDW	UPCOM	Cash Dividend	7%	740
14/09/2021	30/09/2021	HMS	UPCOM	Cash Dividend	15%	1,500

14/09/2021	30/09/2021	NTC	UPCOM	Cash Dividend	60%	6,000
14/09/2021	08/10/2021	PVI	HNX	Cash Dividend	29%	2,850
14/09/2021	15/10/2021	VGV	UPCOM	Extraordinary General Meeting		
14/09/2021	06/10/2021	VGV	UPCOM	Cash Dividend	4%	390
14/09/2021	25/10/2021	XLV	UPCOM	Cash Dividend	8%	800
15/09/2021		HAF	UPCOM	Annual General Meeting		
15/09/2021	01/10/2021	VHM	HOSE	Cash Dividend	15%	1,500
15/09/2021	15/09/2021	VHM	HOSE	Share Issue	30%	
16/09/2021	30/09/2021	GDT	HOSE	Cash Dividend	20%	2,000
17/09/2021	29/10/2021	BTP	HOSE	Cash Dividend	11%	1,100
17/09/2021	20/10/2021	DIH	HNX	Cash Dividend	1%	100
17/09/2021	20/10/2021	DNW	UPCOM	Cash Dividend	10%	1,000
17/09/2021	01/11/2021	PVP	UPCOM	Cash Dividend	10%	1,000
17/09/2021	19/10/2021	SMA	HOSE	Extraordinary General Meeting		
17/09/2021	15/10/2021	SMT	HNX	Extraordinary General Meeting		
17/09/2021	11/10/2021	SZC	HOSE	Cash Dividend	10%	1,000

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