

Xin Chao Vietnam

Market performance

	8 Nov	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,467.57	0.8	6.9	9.4	32.9
Turnover (VND bn)	31,264				
VN30 (pt, % chg.)	1,535.66	0.3	4.0	4.0	43.4

Major indicators

	8 Nov	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.50	(0.0)	(0.0)	0.0	0.1
3-yr gov't bonds (% bp chg.)	0.86	0.0	0.2	0.0	0.0
VND/USD (% chg.)	22,658	0.2	0.5	1.2	1.9
VND/JPY (% chg.)	19,975	0.2	1.7	4.0	11.9
VND/EUR (% chg.)	26,205	0.1	0.4	2.9	8.6
VND/CNY (% chg.)	3,543	0.1	(0.3)	(0.3)	(0.1)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.48	0.0	(0.1)	0.2	0.6
WTI (USD/bbl, % chg.)	82.49	1.5	4.0	20.8	70.0
Gold (USD/oz, % chg.)	83.76	1.2	1.7	18.5	61.7

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
GEX	215.8	DGC	(127.4)
TCB	102.3	VGC	(73.5)
ACB	88.5	REE	(65.6)
VNM	76.0	PAN	(60.9)
MWG	69.5	EIB	(57.7)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	168.8	CMX	(36.1)
VHM	128.7	HSG	(32.0)
GEX	85.4	NLG	(29.8)
STB	83.2	PDR	(23.9)
VNM	82.9	CII	(21.0)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Automobiles	3.9	Technology	(1.6)
Health Care	3.5	Media & Entertainment	(0.6)
Commercial Services	3.5	Insurance	(0.6)
Diversified Financials	3.3	Retailing	(0.4)
F&B	2.3	Software & Services	(0.1)

WHAT'S NEW TODAY

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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
2020	270,014	151,973	29.5	16.7	2.7	13.9	16.5
2021F	304,264	177,159	18.7	14.1	2.3	12.4	16.6

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

	4Q20	1Q21	2Q21	3Q21	2019	2020	2021F
GDP (% yoy)	4.5	4.7	6.6	(6.2)	7.0	2.9	3.8
Trade balance (USD bn)	3.3	2.8	(3.8)	(1.0)	10.4	19.8	1.3
CPI (% yoy, avg.)	1.4	0.3	2.7	2.5	2.8	3.2	2.1
Discount rate (% EoP)	4.0	4.0	4.0	4.0	6.0	4.0	4.0
VND/USD (avg.)	23,098	23,076	23,019	23,252	22,761	23,098	22,660
US GDP (% qoq)	4.0	4.2	6.6	3.3	2.3	(3.4)	5.7
China GDP (% yoy)	5.8	18.3	7.9	4.5	6.0	2.3	8.0

Source: KIS, Bloomberg

Market commentary & News

Market commentary

Form a new high

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The stock market maintained its uptrend as high demand on mid- and small-cap stocks.

At the close, the VNIndex gained 0.76% to close at 1,467 pts. Meanwhile, the trading volume was 1,040 million shares or VND31,264bn.

Foreign investors continued to net buy with a net value of VND509bn on HSX. They purchased HPG, VHM, and GEX the most with net values of VND168bn, VND128bn, and VND85bn, respectively.

Brokerage was the market leader driven by BSI (+0.72%), BVS (+1.30%), HCM (+4.51%), MBS (+1.78%), SSI (+3.73%), VCI (+1.39%), VDS (+1.36%), and VND (+5.12%). Investors expected a positive outlook of the sector thanks to high trading volume and value on the stock market.

Moreover, cash flowed into Real Estate, namely FLC (+5.18%), ITA (+4.90%), NDN (+1.31%), NLG (+3.58%), and SCR (+2.34%). Notably, CEO, DXG, LDG, and TDH, limited up.

Some constituents of the VN30Index jumped more than 1%, such as PLX (+1.48%), VJC (+1.38%), and HDB (+1.12%). Among these, VJC and Airbus reached a strategic partnership agreement on 119 aircraft. The agreement was signed within the framework of the official visit of Vietnamese Prime Minister Pham Minh Chinh and the Government's high-ranking delegation to the French Republic. In November, VJC will receive and put into operation three leased A330 ships, which are in the plan to deploy wide-body aircraft under the low-cost airline model.

In contrast, VPB (-1.05%), TCB (-0.75%), MBB (-0.52%), and MWG (-0.30%) closed in red territory.

The VNIndex approaches the target price of small rectangle pattern at a range of 1,470-1,500 pts. That implies the market may contract in some sessions. However, the long-term uptrend is intact as the high target price of 1,530-1,550 pts for the symmetrical triangle pattern. Therefore, the traders should hold their long position and focus on leading stocks.

Breaking news

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► Vietnam: Export remains stable and healthy

According to the latest data from GSO, overall export activity remained very stable for five straight months, while fast-growing export industries continued to lose steam in recent months. In figures, export turnover posted a total of USD27.3bn in October, bringing the year-over-year growth back into expansion territory by 0.15%. However, an acceleration in import activities in the second & third quarters was losing momentum since late-3Q21. Import turnover decelerated for three consecutive months from its peak in July, reaching USD26.2bn and narrowing the year-over-year growth to 7.97%. On the other hand, after a series of trade deficits in the April – August period, the trade balance returned into surplus for the second month, by USD1.1bn. (GSO, KIS)

► Vietnam: Over 130,000 new accounts opened in October

In October, there were 130,152 new opening accounts (+13.2% MoM), resumed the uptrend. In which, number of new local accounts is 129,751 (+13% MoM), new foreign accounts skyrocketed to 401 accounts (+163.8% MoM). (VSD)

Macro & strategy

Fundflow 01 – 05 Nov

Inflow spreads to major SEA's countries

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▶ Vietnam foreign flow

Foreign supply surged. Net sell value was USD95mn.

Foreign selling activities continued to focus on Real Estate and Consumer Staples. Particularly, NVL, NLG, VRE, PAN, VNM, and MSN were sold the most whilst KDC and SAB attracted foreign demand. Besides, Materials has turned around to be net sold due to increase of selling pressure on HSG, fading the solid demand on HPG. On the contrary, Consumer Discretionary and Utilities attracted the most foreign demand thanks to large buy orders on PHR and GAS.

▶ South East Asia ETF flow

Positive flow of money has started to spread to SEA's major countries. Net inflow was USD21mn. Particularly, inflow was maintained across Indonesia and Thailand. Notably, Singapore attracted the flow of money after experiencing the outflow for 5 consecutive weeks.

Vietnam kept attracting the positive flow of money. The net inflow was USD6mn, half of the previous week. The positive flow of money was led by the solid demand on SSIAM VNFIN Lead ETF and VFMVN Diamond ETF. However, the inflow was partially faded by the outflow across Fubon FTSE Vietnam.

Sector & company

Steel

Solid demand outlook in 4Q21F

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▶ Earnings growth softer but firm in 3Q21

Based on our estimate, 3Q21 aggregated revenue of 30 listed steelmakers jumped 47.2% yoy, while 3Q21 aggregated NPATMI soared 173.4% yoy despite weak domestic demand caused by lockdown policy in southern cities. The NPATMI growth was softer after peaking at 330.9% in 2Q21 due to the high base seen in 3Q20.

▶ Gross margin squeezed, albeit to a different extent

The flat selling price accompanied by the rising labour cost due to on-site production caused the disparity in gross margin trend among steelmakers in 3Q21. Companies focusing on the local markets and especially locating in lockdown areas tended to experience a bigger decrease, which varies from -1%p to -7%p qoq. Some second-tier companies made gross profit loss in 3Q21. Long steel producers benefiting from the slumping iron ore prices were less hit.

▶ Export opportunity continues in 4Q21

Based on MOIT, export revenue growth in 3Q21 was far exceeding volume growth (USD3,959mn, +152% yoy vs 4,041 tonnes, +30% yoy). The gap of hot-rolled coil prices in the US and EU vs Vietnam brought a lucrative opportunity for flat steel suppliers. Even the gap is narrowing since Oct but still appealing to boost the export. The Chinese production cut driven by the government cap on steel volume is expected to be significant in 4Q21F. Based on GSO and MOIT, the export turnover posted a 140% yoy and volume surged by 34% yoy in Oct, hinting that export to the US, and EU could be one of the drivers in 4Q21F.

▶ A bounce back for domestic demand

The lockdown policy eased gradually from Oct put a lofty hope on the resumption of construction activities. Oct prelim steel production volume witnessed a 7.4% yoy increase, based on GSO data. We expect the recovery of domestic demand in the peak construction season with the ramp-up of public spending will also boost the local demand. As a result, steelmakers who largely depend on local consumption could reap the benefit from the rebound. HPG announced the Oct operational updates with

around 783,925 tonnes of final steel products (+31% mom).

Based on our collection, 3Q21 aggregate earnings momentum of 30 listed steel companies on three bourses decelerated. Net profit growth reverted to 173.4% yoy in 3Q21 from the peak of 2Q21. The revenue growth pace in 3Q21 was at around 1Q21 level to 47.2% yoy. Revenue growth pace was less slow, implying that other factors were also another fuel engine.

Event Calendar

► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Listed Value	Listed Shares	Reference Price
10/11/2021	NHT	Nam Hoa Trading and Production Corp.	HSX	154.1	15,411,541	36,750

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
12/11/2021		Minh Hung Quang Tri JSC	160.0	500,000	11,000	Local investors only
12/11/2021	PHC	Phuc Hung Holdings Construction JSC	257.0	10,000,000	12,000	-

► Event calendar

Ex-right date	Exercise day	Ticker	Exchange	Right	Rate	Value
09/11/2021	03/12/2021	ADP	UPCOM	Cash Dividend	4%	400
09/11/2021	25/11/2021	ICT	HOSE	Cash Dividend	2%	200
09/11/2021	25/11/2021	IDC	HNX	Cash Dividend	24%	2,400
09/11/2021		PPY	HNX	Extraordinary General Meeting		
09/11/2021	18/11/2021	PRT	UPCOM	Cash Dividend	3%	300
09/11/2021	18/11/2021	PTD	HNX	Cash Dividend	10%	1,000
09/11/2021	09/11/2021	TDT	HNX	Share Issue	15%	
09/11/2021	09/11/2021	TDT	HNX	Share Issue	33%	
09/11/2021	11/12/2021	VNY	UPCOM	Annual General Meeting		
10/11/2021		APH	HOSE	Extraordinary General Meeting		
10/11/2021		CRE	HOSE	Extraordinary General Meeting		
10/11/2021	10/12/2021	HPI	UPCOM	Annual General Meeting		
10/11/2021	06/12/2021	NAV	HOSE	Annual General Meeting		
10/11/2021		TEG	HOSE	Extraordinary General Meeting		
10/11/2021	09/12/2021	VGP	HNX	Annual General Meeting		
10/11/2021	10/11/2021	VNF	HNX	Share Issue	5%	
11/11/2021	21/12/2021	CAP	HNX	Annual General Meeting		
11/11/2021	10/12/2021	DGC	HOSE	Extraordinary General Meeting		
11/11/2021	30/11/2021	L12	UPCOM	Cash Dividend	5%	500
11/11/2021	06/12/2021	PVT	HOSE	Cash Dividend	10%	1,000
11/11/2021	14/12/2021	TMT	HOSE	Extraordinary General Meeting		
11/11/2021	11/11/2021	VPI	HOSE	Share Issue	10%	
12/11/2021	10/12/2021	KHA	UPCOM	Annual General Meeting		

12/11/2021	01/12/2021	KHP	HOSE	Cash Dividend	3%	250
12/11/2021		NBB	HOSE	Extraordinary General Meeting		
12/11/2021	12/11/2021	PGN	HNX	Share Issue	11%	
12/11/2021	26/11/2021	SMC	HOSE	Cash Dividend	5%	500
12/11/2021	27/12/2021	TIX	HOSE	Cash Dividend	13%	1,250
12/11/2021	11/01/2022	TIX	HOSE	Annual General Meeting		
12/11/2021		TSD	UPCOM	Extraordinary General Meeting		

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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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