

Weekly Wrap: Mainboard recovers to its pre-secondary outbreak level

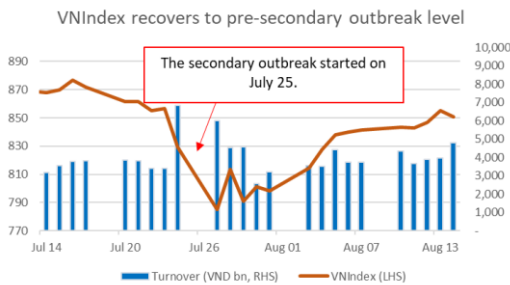
Matthew Smith, CFA

Head of Research

+84 28 3622 6868

matthew.smith@yuanta.com.vn

The VNI's recovery continued last week with the mainboard now basically back at its prevailing level prior to the secondary outbreak in late July. All three indexes posted positive gains despite stepped-up net selling by foreign investors. However, breadth remained positive, with 227 gainers vs 121 losers on the VNI, and ADT was up 10% vs the previous week. Gold punters had a rough week, which offers some hope for domestic flows into equities (but "hope" is a terrible investment strategy).



Index, Flows, and FX Performance

- **VNINDEX:** 851 (+1.1% WoW / -11.5% YTD / -12.2% YoY)
- **HNINDEX:** 116 (+3.1% WoW / +13.4% YTD / +14.0% YoY)
- **UPCOM Index:** 56.7 (+0.9% WoW / +0.3% YTD / -0.7% YoY)
- **Average daily turnover:** US\$261mn (+10% WoW)
- **Foreigners net sold** US\$36.4mn of 3-index constituents.
- **VND:USD rate:** 23,176 (-4bp WoW / -1bp YTD / +14bp YoY)

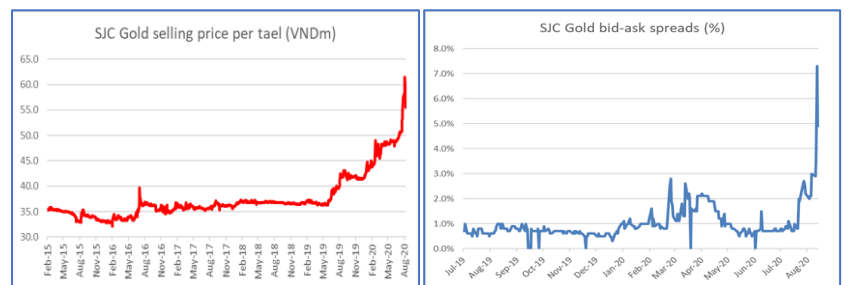
VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
BID	39.0	2.4%	2%	18
CTG	23.5	3.3%	7%	8
EIB	17.0	0.6%	1%	30
FPT	47.8	1.5%	6%	11
GAS	72.3	3.0%	3%	14
HDB	27.4	5.2%	12%	6
HPG	24.1	-0.4%	-2%	9
KDH	24.6	0.0%	0%	12
MBB	17.2	5.2%	16%	5
MSN	53.4	-1.3%	-4%	16
MWG	83.1	5.7%	18%	10
NVL	63.1	-2.3%	-6%	16
PLX	46.6	4.5%	3%	106
PNJ	56.5	2.4%	3%	12
POW	10.0	6.3%	4%	11
REE	35.3	2.0%	1%	7
ROS	2.3	-0.9%	0%	--
SAB	185.0	0.5%	1%	29
SBT	13.9	-1.8%	-1%	25
SSI	14.6	2.5%	2%	8
STB	10.7	2.4%	6%	8
TCB	19.8	3.4%	19%	6
TCH	20.4	0.2%	0%	9
VCB	82.0	-1.1%	-5%	17
VHM	79.7	0.1%	0%	12
VIC	87.4	-0.1%	-1%	39
VJC	100.6	0.3%	1%	29
VNM	116.7	1.0%	8%	21
VPB	21.4	0.7%	3%	5
VRE	26.9	1.7%	2%	25

Source: Bloomberg, Yuanta Vietnam. Pricing date: August 14, 2020.

VN30 breadth was strong once again with 23 gainers vs 7 losers. Notable positive contributors included full-FOL names such as MWG (+5.7% WoW), TCB (+3.4%), and MBB (+5.2%), our top pick among the banks (see last week's [2Q20 CAMEL update](#) for details).

The Vietnamese dong remains remarkably resilient against the USD, confirming the SBV's focus on FX stability. However, gold's remarkable rally against all fiat currencies has not gone unnoticed here. The SJC's asking price for physical gold (per tael) rose +44% from Jan 1 to Aug 6 before plummeting 9.2% last week. The SJC's bid-ask spreads reached as high as 7.3% on Aug 12, the highest since 2015 (which is as far back as our data goes).



Source: FiinPro, Yuanta Vietnam

Persistent foreign net selling fails to support the argument that the market's rally will be sustained, but foreigners have largely been [net sellers](#) for 12 months now, including during the strong rebound of 2Q20. This may be structural, but the 4Q20 frontier index reweighting should at least lead to a (probably temporary) recovery.

Markets will remain volatile, and investors should focus quality companies that are trading at attractive valuations and are positioned both to weather the pandemic crisis and to emerge from it in an even stronger position. Our top picks are VHM, KDH, MBB, and HCM.

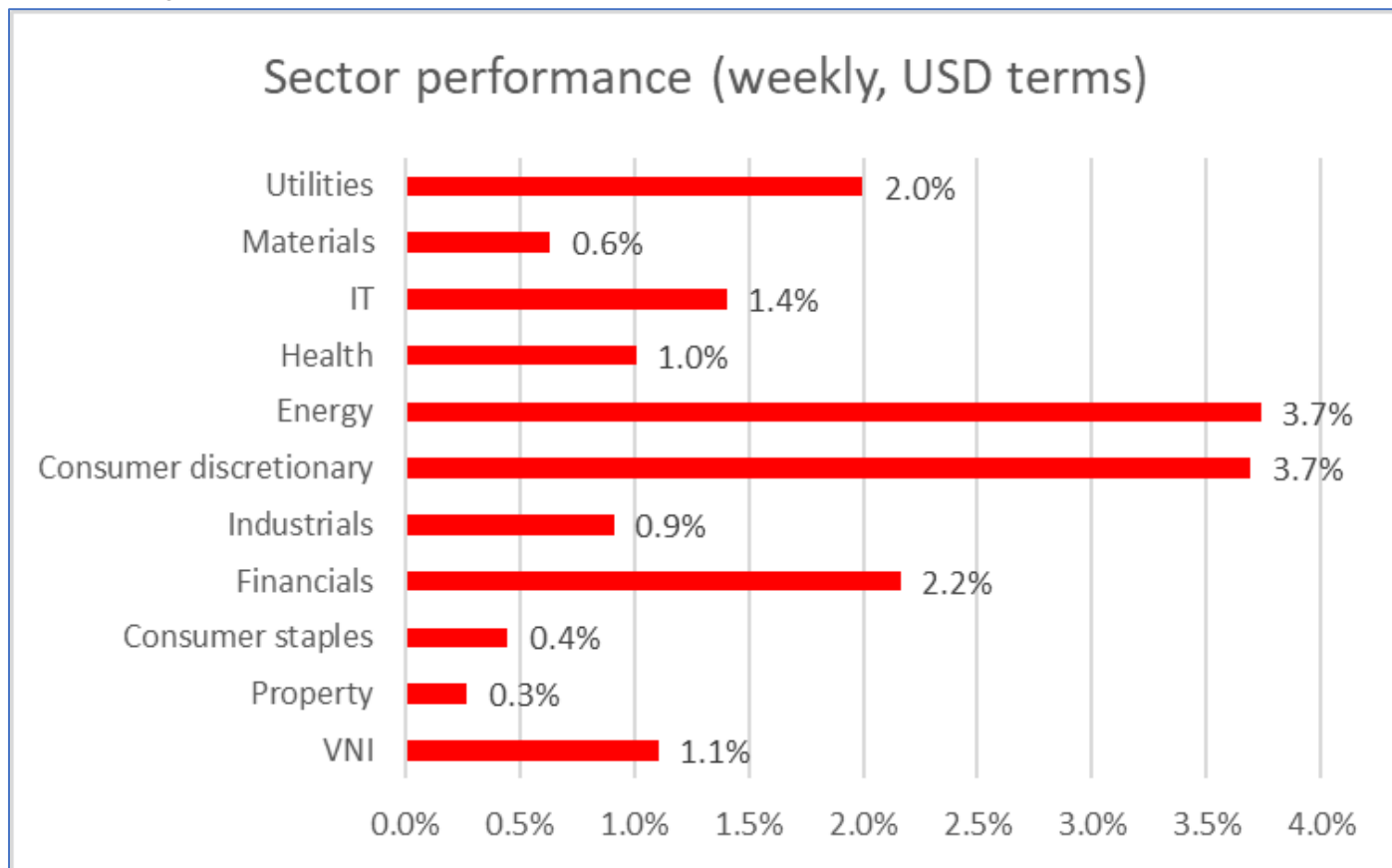
Yuanta Vietnam Coverage Universe

Sector	Company	Stock code	Market cap (USDm)	3-month ADT (USDm)	Yuanta Rating	Current price (VND)	Target price (VND)	Up (down) side	2020E Dividend yield	12-m TSR*
Banks	BIDV	BID VN	6,768	2.0	SELL	39,000	37,300	-4%	0.0%	-4%
	HD Bank	HDB VN	1,142	1.1	HOLD-Underperform	27,400	30,970	13%	0.0%	13%
	MB Bank	MBB VN	1,784	3.8	BUY	17,150	25,900	51%	0.0%	51%
	Sacombank	STB VN	833	5.9	BUY	10,700	12,950	21%	0.0%	21%
	Vietcombank	VCB VN	13,123	3.1	HOLD-Underperform	82,000	75,140	-8%	0.0%	-8%
	Vietnam Prosperity Bank	VPB VN	2,251	4.0	HOLD-Underperform	21,400	22,500	5%	0.0%	5%
Brokers	HCM City Securities	HCM VN	236	1.9	BUY	17,900	26,532	48%	7.4%	56%
	Saigon Securities	SSI VN	379	3.5	HOLD-Outperform	14,600	18,328	26%	4.2%	30%
	Viet Capital Securities	VCI VN	156	0.7	HOLD-Underperform	22,050	26,449	20%	3.8%	24%
	VNDirect Securities	VND VN	104	0.4	HOLD-Underperform	11,600	13,150	13%	6.0%	19%
Energy	PV POW	POW VN	1,009	1.8	BUY	9,990	17,457	75%	3.0%	78%
	PV NT2	NT2 VN	270	0.3	BUY	21,700	25,181	16%	9.2%	25%
	PCC1	PC1 VN	129	0.4	BUY	18,750	24,092	28%	0.0%	28%
Consumer	Masan Group	MSN VN	2,693	3.4	HOLD-Outperform	53,400	84,908	59%	0.0%	59%
	Phu Nhuan Jewelry	PNJ VN	549	1.6	HOLD-Outperform	56,500	86,200	53%	3.5%	56%
	Digiworld	DGW VN	79	0.9	HOLD-Outperform	42,500	31,574	-26%	3.4%	-22%
Oil & GAS	PV Drilling	PVD VN	188	2.1	HOLD-Outperform	10,350	10,429	1%	0.0%	1%
Property	Nam Long	NLG VN	286	1.3	BUY	26,500	36,400	37%	1.9%	39%
	Novaland	NVL VN	2,641	3.2	HOLD-Outperform	63,100	65,073	3%	0.0%	3%
	Khang Dien	KDH VN	556	0.6	BUY	24,550	31,081	27%	2.0%	29%
	Vinhomes	VHM VN	11,312	7.2	BUY	79,700	94,862	19%	0.0%	19%
Transport	Airports Corp Vietnam	ACV VN	5,129	0.8	HOLD-Underperform	54,600	76,400	40%	0.9%	41%

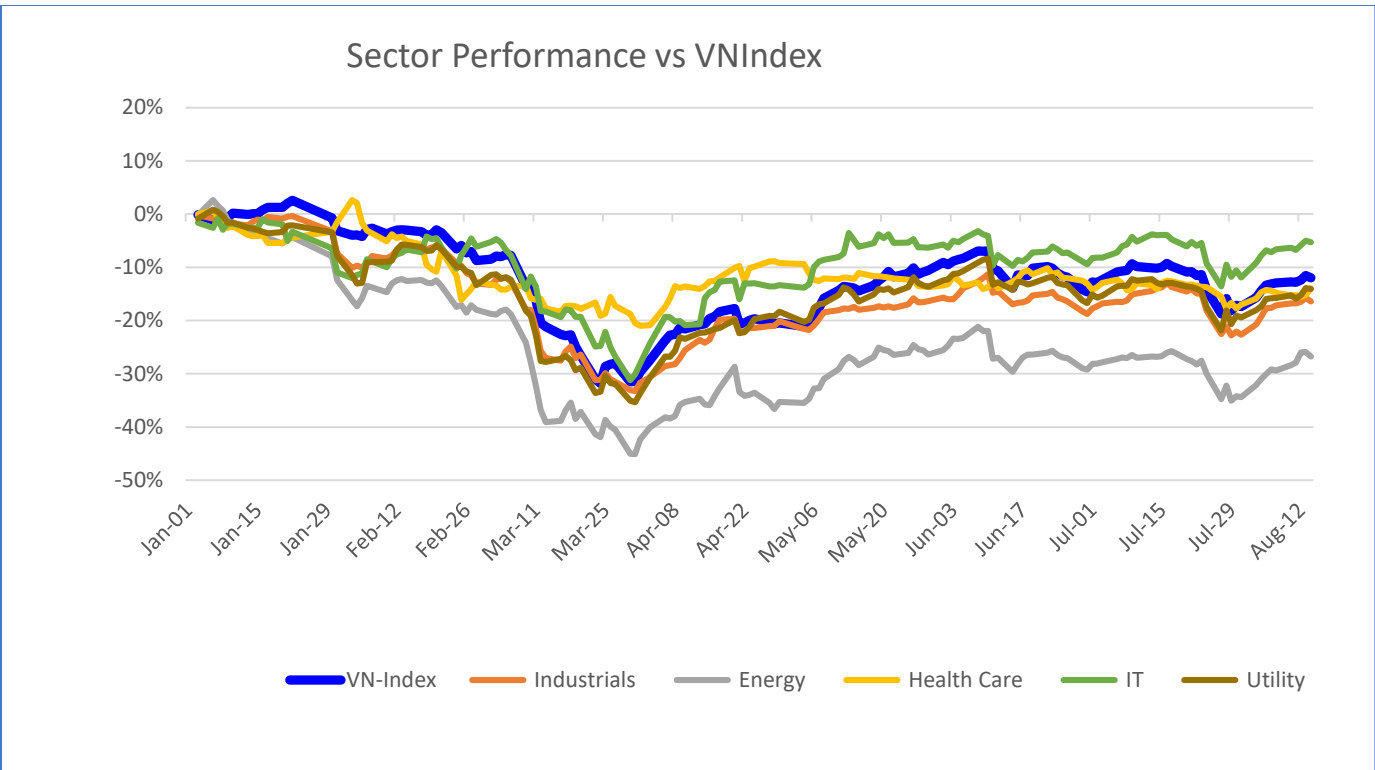
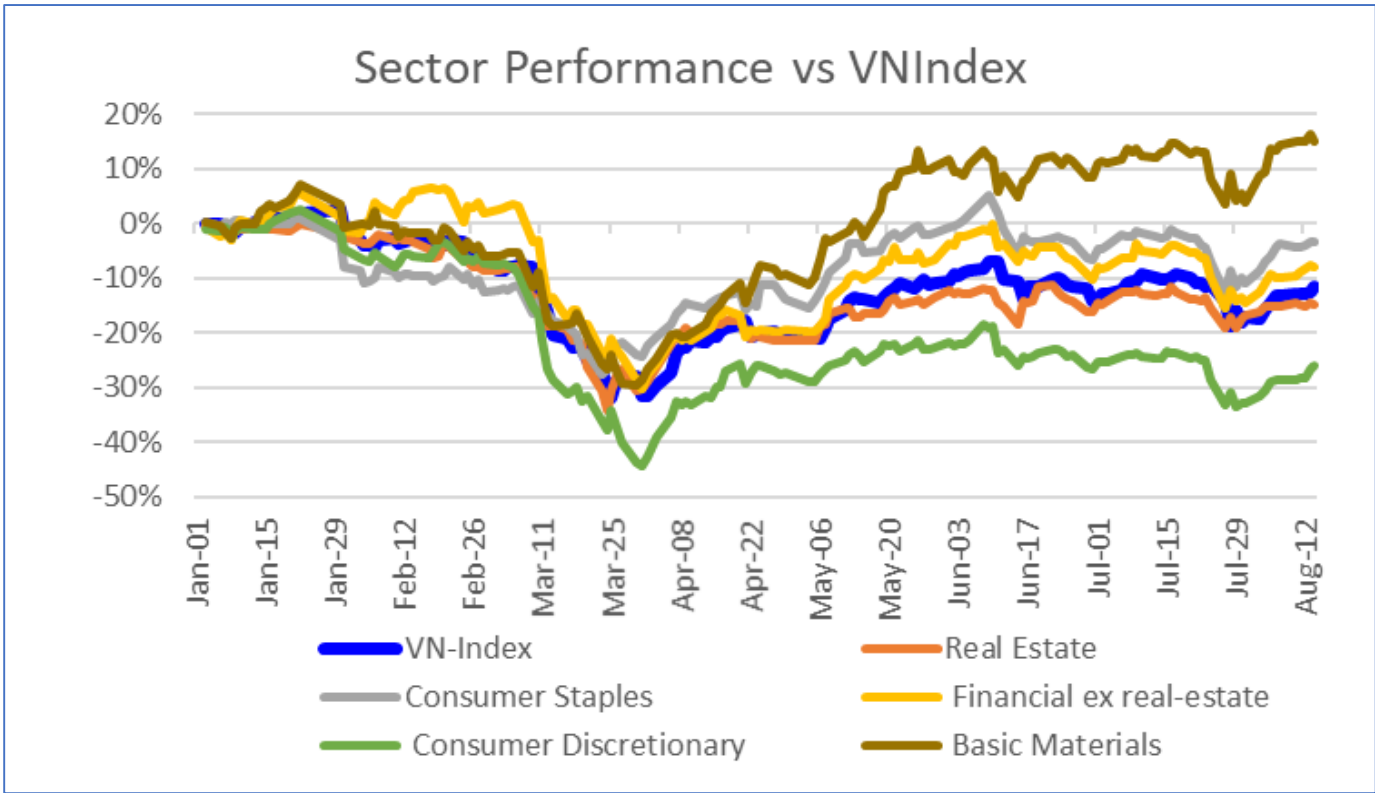
*Note: TSR = Total shareholder return over the next 12 months inclusive of expected share price change and dividends.

Stock ratings and pricing data is as of close on August 14, 2020.

Source: Bloomberg, Yuanta Vietnam

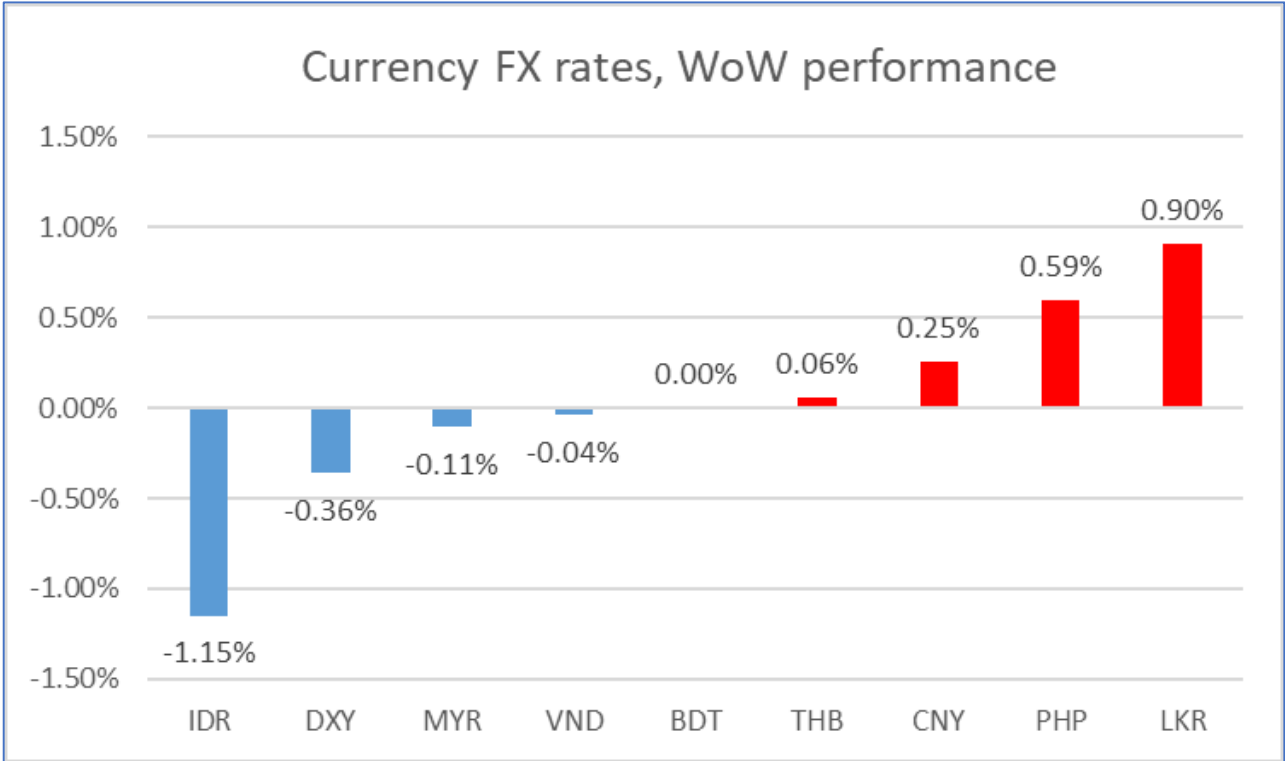


Source: Bloomberg

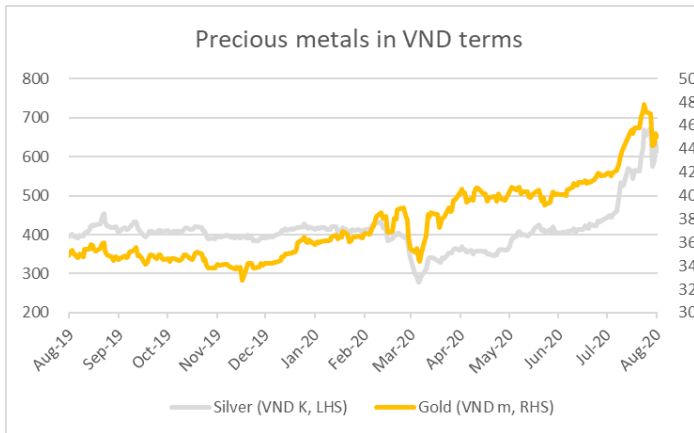


Source: Bloomberg

Regional currencies: VND remained stable (-4bp WoW) vs a volatile USD (-36bp WoW)



Precious metals in VND terms: The crash may have shaken out some retail gold punters



Source: Bloomberg, Yuanta Vietnam. This data represents XAUVND and XAGVND and is not an on-the-ground price.

Gold bid-ask spreads soared to a record* 7.3% on Aug 12, before settling to 4.9% on Aug 13

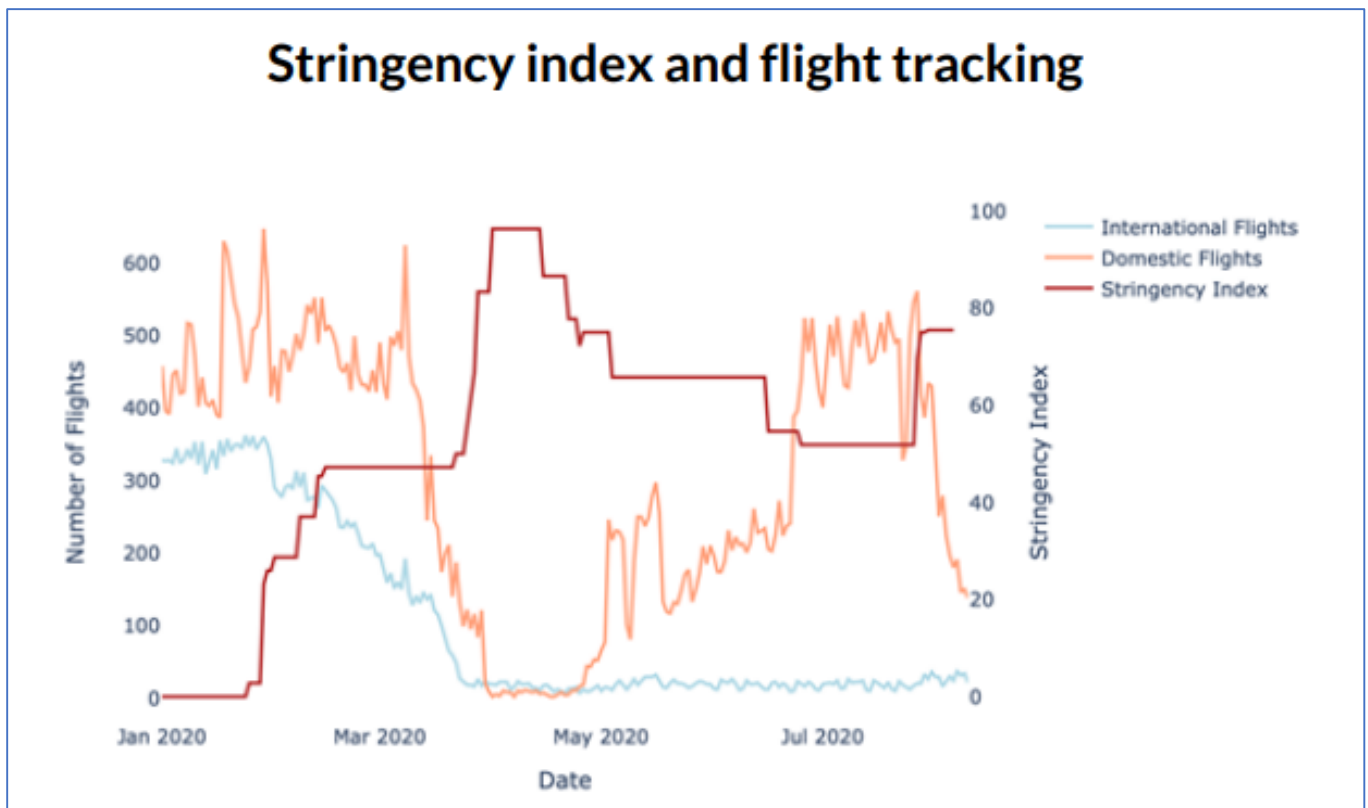


Source: FiinPro, Yuanta Vietnam
 Note: This is the highest spread in our database, which starts in Feb 2015.

The World Bank released its [monthly Vietnam macro report](#) on August 12. The report provides a review and insight on macro data previously released by the GSO and other official sources. The chart below perhaps provides some sense of the likely impact on the domestic sector of the secondary outbreak COVID 19 outbreak that emerged in late July, providing visual evidence of the steep decline in domestic flights. The red line indicates the World Bank’s index of “stringency” in terms of government restrictions on activities as part of efforts to contain the pandemic.

Domestic tourism seemed to be providing a lifeline (albeit not a solution) to the industry prior to the outbreak. Our opinion had been that it was not likely to persist beyond the school break, but the pandemic’s re-emergence in a tourist center (i.e., Danang and its environs) has rendered any such arguments moot.

From our anecdotal perspective in HCMC, we think that the increase in the Stringency Index at the end of July looks about right – economic activity has slowed, especially for beleaguered travel/tourism businesses, but our sense is that it is nowhere near as quiet now as it was during April.



Source: World Bank, “Vietnam Macro Monitoring August 2020”

COVID update. As of the morning of Monday August 17, the total number of coronavirus cases has reached 964, of which 456 have recovered, 24 died, and 484 are undergoing treatment. Since the secondary outbreak began on July 25, the authorities have reported 488 domestic infections in 15 provinces and cities, most (but not all) of which are linked to Danang. To put that in context, the Johns Hopkins Covid-19 dashboard indicates that global cases now total 21.6 million and the total number of fatalities is now 773,685.

Yuanta Universe: Valuations and ratings

Sector	Stock Code	PER (x)			EPS Growth (%)			PEG (x)			PBV (x)			ROE (%)			ROA (%)		
		2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E
Banks	BID VN	18.0	18.8	15.5	31.5	(4.0)	21.4	0.6	n/a	0.7	2.0	1.9	1.8	12.0	10.9	12.5	0.54	0.52	0.56
	HDB VN	8.2	6.8	6.0	10.5	20.1	12.8	0.8	0.3	0.5	1.6	1.5	1.3	19.4	22.5	23.2	1.49	1.64	1.69
	MBB VN	4.9	4.7	4.0	44.3	5.0	16.1	0.1	0.9	0.3	1.0	0.8	0.7	21.1	19.0	18.5	2.02	1.97	2.05
	STB VN	9.6	9.8	7.3	43.3	(2.3)	33.8	0.2	n/a	0.2	0.7	0.7	0.6	7.9	7.1	8.8	0.47	0.42	0.53
	VCB VN	18.3	18.1	14.6	34.8	1.3	23.6	0.5	13.8	0.6	3.8	3.1	2.7	23.2	18.9	19.7	1.44	1.33	1.50
	VPB VN	6.3	7.4	5.7	11.6	(13.9)	28.8	0.5	n/a	0.2	1.2	1.1	0.9	21.5	15.5	17.0	2.36	1.81	2.11
Brokers	HCM VN	12.2	12.2	7.6	(49.0)	(0.3)	61.2	n/a	n/a	0.1	1.2	1.2	1.1	11.7	11.0	17.1	6.23	5.92	8.81
	SSI VN	9.5	10.3	7.4	(32.5)	(8.0)	39.4	n/a	n/a	0.2	0.9	0.8	0.8	9.8	8.7	11.4	3.57	2.86	3.55
	VCI VN	5.3	7.9	6.1	(16.3)	(32.6)	28.4	n/a	n/a	0.2	0.9	0.8	0.7	18.0	11.1	13.0	9.90	5.95	6.84
	VND VN	6.7	10.4	6.5	(4.3)	(36.1)	59.5	n/a	n/a	0.1	0.7	0.7	0.7	12.3	7.4	11.2	3.28	1.88	2.67
Energy	PVD VN	23.1	86.8	(102.6)	(4.0)	(73.4)	(184.6)	n/a	n/a	n/a	0.3	0.3	0.3	17.1	0.4	(0.3)	0.90	0.25	(0.21)
	NT2 VN	8.5	9.0	8.4	(2.7)	(6.6)	7.2	n/a	n/a	1.2	1.5	1.6	1.6	19.3	11.1	19.7	9.19	9.93	11.67
	PC1 VN	8.4	5.5	6.0	(32.1)	52.4	(7.7)	n/a	0.1	n/a	0.8	0.7	0.6	10.2	14.4	11.8	4.78	6.65	5.58
Consumer	MSN VN	11.2	12.4	10.1	4.8	(9.6)	22.9	2.3	n/a	0.4	1.8	1.6	1.4	17.3	13.5	14.5	8.39	7.01	8.02
	PNJ VN	12.3	9.9	8.1	(13.6)	24.4	22.4	n/a	0.4	0.4	2.1	1.7	1.4	27.5	27.9	27.7	17.79	16.93	18.14
	DGW VN	12.5	10.2	9.4	24.5	23.3	8.5	0.5	0.4	1.1	2.0	1.8	1.6	17.1	18.9	18.4	6.12	7.13	7.12
Oil & GAS	POW VN	9.4	7.3	6.3	29.6	29.0	15.5	0.3	0.3	0.4	0.8	0.8	0.7	9.1	11.1	11.7	4.44	5.97	6.60
Property	NLG VN	10.7	6.9	6.4	(29.6)	54.4	7.6	n/a	0.1	0.9	1.2	1.1	1.0	12.9	16.9	16.4	6.66	10.00	10.99
	NVL VN	23.9	19.3	18.1	(23.3)	23.8	6.6	n/a	0.8	2.7	2.9	2.9	2.9	10.2	11.2	11.1	3.12	3.42	3.33
	KDH VN	16.6	12.1	11.0	(15.8)	37.0	10.6	n/a	0.3	1.0	1.8	1.6	1.4	11.9	14.5	14.2	7.45	8.88	9.35
	VHM VN	14.5	11.4	8.6	20.4	27.1	33.5	0.7	0.4	0.3	1.2	0.9	0.7	30.0	28.7	28.5	11.56	11.88	12.75
Transportati	ACV VN	19.2	17.7	13.8	5.0	8.3	28.8	3.8	2.1	0.5	3.3	2.9	2.4	20.7	18.8	20.2	12.13	11.39	11.26

Stock ratings and pricing data is as of close on August 14, 2020.

Source: Bloomberg, Yuanta Vietnam



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Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd
23/F, Tower 1, Admiralty Centre
18 Harcourt Road,
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office
Yuanta Securities Building
Euljiro 76 Jung-gu
Seoul, Korea 100-845
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
PT YUANTA SECURITIES INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam



YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Institutional Research

Matthew Smith, CFA
 Head of Research
 Tel: +84 28 3622 6868 (ext. 3815)
matthew.smith@yuanta.com.vn

Binh Truong
 Deputy Head of Research (O&G, Energy)
 Tel: +84 28 3622 6868 (3845)
binh.truong@yuanta.com.vn

Tanh Tran
 Analyst (Banks)
 Tel: +84 28 3622 6868 (3874)
tanh.tran@yuanta.com.vn

Tam Nguyen
 Analyst (Property)
 Tel: +84 28 3622 6868 (3874)
tam.nguyen@yuanta.com.vn

Institutional Sales

Huy Nguyen
 Head of Institutional sales
 Tel: +84 28 3622 6868 (3808)
huy.nguyen@yuanta.com.vn

Duyen Nguyen
 Sales Trader
 Tel: +84 28 3622 6868 (3890)
duyen.nguyen@yuanta.com.vn